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Second Session
Thirty-fifth Parliament, 1996

Deuxième session de la
trente-cinquième législature, 1996

SENATE OF CANADA

SÉNAT DU CANADA

*Proceedings of the Standing
Senate Committee on*

*Délibérations du comité
sénatorial permanent des*

Foreign Affairs

Affaires étrangères

Chairman:
The Honourable JOHN B. STEWART

Président:
L'honorable JOHN B. STEWART

Wednesday, February 28, 1996
Wednesday, March 6, 1996

Le mercredi 28 février 1996
Le mercredi 6 mars 1996

Issue No. 1

Fascicule n° 1

Organization Meeting Future Business Eighth Proceedings on:

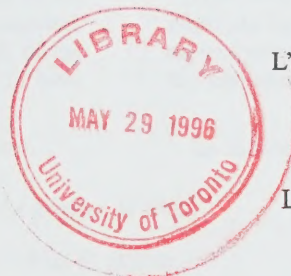
Examination and reporting on the consequences
of the economic integration of the European Union
and on the consequences of the European Union
for economic, political and defence relations
between Canada and Europe

Séance d'organisation Travaux futurs Huitième fascicule concernant:

L'étude des répercussions de l'intégration économique de
l'Union européenne sur la conduite des affaires publiques
nationales des États membres,
et les répercussions de l'émergence de l'Union européenne
sur les relations économiques, politiques et militaires
entre le Canada et l'Europe

WITNESSES:
(See back cover)

TÉMOINS:
(Voir à l'endos)



THE STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable John B. Stewart, *Chairman*

The Honourable Pat Carney, P.C. *Deputy Chair*

and

The Honourable Senators:

Andreychuk	Kelleher
Bacon	* Lynch-Staunton
Bolduc	(or Berntson)
Corbin	MacEachen, P.C.
* Fairbairn, P.C. (or Graham)	Ottenheimer
Gauthier	Stollery
Grafstein	

** Ex Officio Members*

(Quorum 4)

Change in Membership of the Committee:

Pursuant to Rule 86(4), membership of the Committee was amended as follows:

The name of the Honourable Senator Kelleher substituted for that of the Honourable Senator Doody. (February 28, 1996)

LE COMITÉ SÉNATORIAL PERMANENT DES AFFAIRES ÉTRANGÈRES

Président: L'honorable John B. Stewart

Vice-présidente: L'honorable Pat Carney, c.p.

et

Les honorables sénateurs:

Andreychuk	Kelleher
Bacon	* Lynch-Staunton
Bolduc	(or Berntson)
Corbin	MacEachen, c.p.
* Fairbairn, c.p. (ou Graham)	Ottenheimer
Gauthier	Stollery
Grafstein	

** Membres d'office*

(Quorum 4)

Modifications de la composition du comité:

Conformément à l'article 86(4) du Règlement, la liste des membres du comité est modifiée, ainsi qu'il suit:

Le nom de l'honorable sénateur Kelleher est substitué à celui de l'honorable sénateur Doody. (Le 28 février 1996)

ORDER OF REFERENCE

Extract from the *Journals of the Senate* of Wednesday, February 28, 1996:

With leave of the Senate and notwithstanding rule 58(1)(f),

The Honourable Senator Stewart moved, seconded by the Honourable Senator Andreychuk:

That the Standing Senate Committee on Foreign Affairs be authorized to examine and report on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the emergence of the European Union for economic, political and defence relations between Canada and Europe;

That the Committee have the power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of the said order of reference;

That the papers and evidence received and taken on the subject during the First Session of the Thirty-fifth Parliament be referred to the Committee;

That the Committee have power to adjourn from place to place outside Canada;

That the Committee submit its final report no later than June 30, 1996; and

That, notwithstanding usual practices, if the Senate is not sitting when the final report of the Committee is completed, the Committee shall deposit its report with the Clerk of the Senate, and said report shall thereupon be deemed to have been tabled in this chamber.

The question being put on the motion, it was adopted.

ORDRE DE RENVOI

Extrait des *Journaux du Sénat* du mercredi 28 février 1996:

Avec la permission du Sénat, et nonobstant l'alinéa 58(1)f) du Règlement,

L'honorable sénateur Stewart propose, appuyé par l'honorable sénateur Andreychuk,

Que le comité sénatorial permanent des affaires étrangères soit autorisé à examiner, pour en faire rapport, les répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe;

Que le comité ait le pouvoir de recourir aux services de conseillers, de spécialistes, d'employés de bureau et de tout personnel qu'il jugera nécessaire pour effectuer les travaux définis dans l'ordre de renvoi;

Que les documents et témoignages recueillis à ce sujet au cours de la première session de la trente-cinquième législature soient renvoyés au comité;

Que le comité ait le pouvoir de se déplacer à l'extérieur du Canada;

Que le comité présente son rapport final au plus tard le 30 juin 1996;

Que, sans égard aux pratiques habituelles, si le Sénat ne siège pas lorsque le rapport final du comité sera terminé, le rapport puisse être déposé auprès du greffier du Sénat et qu'il soit considéré comme ayant été présenté à cette Chambre.

La motion, mise aux voix, est adoptée.

Le greffier du Sénat,

Paul C. Bélisle

Clerk of the Senate

MINUTES OF PROCEEDINGS

OTTAWA, Wednesday, February 28, 1996

(1)

[Traduction]

The Standing Senate Committee on Foreign Affairs met this day, at 5:15 p.m., in room 256-S of the Centre Block for its organization meeting, pursuant to Rule 69.

Members of the Committee present: The Honourable Senators Andreychuk, Bacon, Carney, Corbin, Grafstein, Kelleher, MacEachen, Ottenheimer, Stewart and Stollery. (10)

Other Senators present: The Honourable Senators Kinsella and Prud'homme. (2)

Also present: From the Research Branch of the Library of Parliament: Mr. Anthony Chapman, Economics Division.

In attendance: Official Senate reporters.

The Clerk of the Committee presided over the election of the Chairperson.

The Honourable Senator Grafstein moved, — THAT the Honourable Senator Stewart be elected Chairman of the Committee.

The question being put on the motion, it was — Resolved in the affirmative.

The Clerk invited the Chairman elect to take the Chair.

The Honourable Senator Ottenheimer moved, — THAT the Honourable Senator Carney be elected Deputy Chair of the Committee.

The question being put on the motion, it was — Resolved in the affirmative.

The Honourable Senator Andreychuk moved, — THAT the Subcommittee on Agenda and Procedure be composed of the Chairman, Deputy Chair and one other member of the Committee to be designated by the Chairman after the usual consultation; that the Subcommittee be empowered to make decisions on behalf of the Committee; that the Subcommittee be empowered to invite witnesses and schedule hearings; and that the Subcommittee report its decisions to the Committee.

The question being put on the motion, it was — Resolved in the affirmative.

The Honourable Senator Grafstein moved, — THAT the Committee print 500 copies of its Proceedings.

The question being put on the motion, it was — Resolved in the affirmative.

The Honourable Senator Ottenheimer moved, — THAT pursuant to Rule 90, the Chairman be authorized to hold meetings and to receive and authorize the printing of evidence when a quorum is not present.

The question being put on the motion, it was — Resolved in the affirmative.

PROCÈS-VERBAL

OTTAWA, le mercredi 28 février 1996

(1)

[Français]

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui, à 17 h 15, dans la pièce 256-S de l'édifice du Centre, pour tenir sa séance d'organisation, conformément à l'article 69 du Règlement.

Membres du comité présents: Les honorables sénateurs Andreychuk, Bacon, Carney, Corbin, Grafstein, Kelleher, MacEachen, Ottenheimer, Stewart et Stollery. (10)

Autres sénateurs présents: Les honorables sénateurs Kinsella et Prud'homme. (2)

Également présent: Du Service de recherche de la Bibliothèque du Parlement: M. Anthony Chapman, Division de l'économie.

Aussi présents: Les sténographes officiels du Sénat.

Le greffier du comité préside à l'élection du président.

Il est proposé par l'honorable sénateur Grafstein, — QUE l'honorable sénateur Stewart occupe le fauteuil en tant que président.

La question, mise aux voix, est adoptée.

Le greffier invite le président élu à prendre place au fauteuil.

Il est proposé par l'honorable sénateur Ottenheimer, — QUE l'honorable sénateur Carney soit élu vice-présidente du comité.

La question, mise aux voix, est adoptée.

Il est proposé par l'honorable sénateur Andreychuk, — QUE le sous-comité du programme et de la procédure se compose du président, de la vice-présidente et d'un autre membre du comité que le président désignera après les consultations d'usage; que le sous-comité soit autorisé à prendre des décisions au nom du comité; que le sous-comité soit autorisé à inviter des témoins et à établir l'horaire des audiences; et que le sous-comité fasse rapport de ses décisions au comité.

La question, mise aux voix, est adoptée.

Il est proposé par l'honorable sénateur Grafstein, — QUE le comité fasse imprimer 500 exemplaires de ses Délibérations.

La question, mise aux voix, est adoptée.

Il est proposé par l'honorable sénateur Ottenheimer, — QUE, conformément à l'article 90 du Règlement, le président soit autorisé à tenir des réunions pour entendre des témoignages et à en permettre la publication en l'absence du quorum.

La question, mise aux voix, est adoptée.

The Honourable Senator Grafstein moved, — THAT pursuant to Rule 105, the Chairman be authorized to report expenses incurred by the Committee in the last session.

The question being put on the motion, it was — Resolved in the affirmative.

The Honourable Senator Kelleher moved, — THAT pursuant to section 32 of the Financial Administration Act, authority to commit funds be conferred on the Chairman or, in his absence, the Deputy Chairman; and that, pursuant to section 34 of the Financial Administration Act and to Guideline 3:05 of Appendix II of the *Rules of the Senate*, authority for certifying accounts payable by the Committee be conferred on the Chairman, the Deputy Chair and the Clerk of the Committee.

The question being put on the motion, it was — Resolved in the affirmative.

The Honourable Senator Bacon moved, — THAT pursuant to Rule 103, a reasonable sum for travelling and living expenses be paid to every witness invited to appear before the Committee and that such expenses be paid at the discretion of the Subcommittee on Agenda and Procedure subject to a maximum two (2) representatives per organization.

The question being put on the motion, it was — Resolved in the affirmative.

The Chairman advised the members that given the lateness of the hour, he had asked the witnesses scheduled to testify that afternoon to postpone their appearance possibly until next week.

At 5:30 p.m., the Committee met *in camera* to consider future business.

At 6:51 p.m., the Committee adjourned to the call of the Chair.

ATTEST:

OTTAWA, Wednesday, March 6, 1996

(2)

The Standing Senate Committee on Foreign Affairs met this day *in camera* and in public, at 10:12 a.m., in Room 256-S of the Centre Block, the Chairman, the Honourable John B. Stewart, presiding.

Members of the Committee present: The Honourable Senators Andreychuk, Bacon, Corbin, Grafstein, Kelleher, MacEachen, Ottenheimer, Stewart and Stollery. (9)

Other Senator present: The Honourable Senator Kinsella. (1)

Also present: From the Research Branch of the Library of Parliament: Mr. Anthony Chapman, Economics Division; from the Department of Foreign Affairs and International Trade: Mr. Albert Galpin.

In attendance: Official Senate reporters.

Il est proposé par l'honorable sénateur Grafstein, — QUE, conformément à l'article 105 du Règlement, le président soit autorisé à faire rapport des dépenses faites au cours de la dernière session.

La question, mise aux voix, est adoptée.

Il est proposé par l'honorable sénateur Kelleher, — QUE, conformément à l'article 32 de la Loi sur la gestion des finances publiques, l'autorisation d'engager les fonds du comité soit conférée au président, ou en son absence, au vice-président; et que, conformément à l'article 34 de la Loi sur la gestion des finances publiques, et à la directive 3:05 de l'annexe II du *Règlement du Sénat*, l'autorisation d'approuver les comptes à payer du comité soit conférée au président ou à la vice-présidente, et au greffier du comité.

La question, mise aux voix, est adoptée.

Il est proposé par l'honorable sénateur Bacon, — QUE, conformément à l'article 103 du Règlement, une indemnité raisonnable pour frais de déplacement et de séjour soit versée à tout témoin invité à comparaître devant le comité et que ces frais soient payés à la discrétion du sous-comité du programme et de la procédure jusqu'à concurrence de deux (2) représentants par organisation.

La question, mise aux voix, est adoptée.

Le président informe les membres que, compte tenu de l'heure tardive, il a demandé aux témoins qui devaient comparaître cet après-midi de reporter leur comparution possiblement à la semaine suivante.

À 17 h 30, le comité se réunit à huis clos pour considérer ses travaux futurs.

À 18 h 51, le comité s'ajourne jusqu'à nouvelle convocation de la présidence.

ATTESTÉ:

OTTAWA, le mercredi 6 mars 1996

(2)

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui à huis clos et en séance publique, à 10 h 12, dans la pièce 256-S de l'édifice du Centre, sous la présidence de l'honorable John B. Stewart (*président*).

Membres du comité présents: Les honorables sénateurs Andreychuk, Bacon, Corbin, Grafstein, Kelleher, MacEachen, Ottenheimer, Stewart et Stollery. (9)

Autre sénateur présent: L'honorable sénateur Kinsella. (1)

Également présents: Du Service de recherche de la Bibliothèque du Parlement: M. Anthony Chapman, Division de l'économie; du ministère des Affaires étrangères et du Commerce international: M. Albert Galpin.

Aussi présents: Les sténographes officiels du Sénat.

WITNESSES:

From the Department of Foreign Affairs and International Trade:

Jean-Pierre Juneau, Assistant Deputy Minister, Europe Branch;
Gordon Venner, Deputy Director, European Union Division.

Pursuant to its order of reference of Wednesday, February 28, 1996, the Committee proceeded to examine and report on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the emergence of the European Union for economic, political and defence relations between Canada and Europe.

From 10:12 a.m. to 11:09 a.m., the Committee considered future business.

At 11:09 a.m., the Committee opened its meeting to the public.

Messrs Juneau and Venner made a presentation and answered questions.

At 12:39 p.m., the Committee adjourned until 1:00 p.m.

At 1:07 p.m., the Committee resumed sitting *in camera*.

At 1:40 p.m., the Committee adjourned to the call of the Chair.

ATTEST:**TÉMOINS:**

Du ministère des Affaires étrangères et du Commerce international:

Jean-Pierre Juneau, sous-ministre adjoint, Secteur de l'Europe;
Gordon Venner, directeur adjoint, Direction de l'Union européenne.

Conformément à son ordre de renvoi du mercredi 28 février 1996, le comité considère l'examen, pour en faire rapport, des répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe.

De 10 h 12 à 11 h 09, le comité considère ses travaux futurs.

À 11 h 09, le comité se réunit en séance publique.

Messieurs Juneau et Venner font une présentation et répondent aux questions.

À 12 h 39, le comité s'ajourne jusqu'à 13 heures.

À 13 h 07, le comité reprend sa séance à huis clos.

À 13 h 40, le comité s'ajourne jusqu'à nouvelle convocation de la présidence.

ATTESTÉ:

Le greffier du comité,

Serge Pelletier

Clerk of the Committee

EVIDENCE

Ottawa, Wednesday, February 28, 1996

[English]

The Standing Senate Committee on Foreign Affairs met this day, at 5:00 p.m., to organize the activities of the committee.

Mr. Serge Pelletier, Clerk of the Committee: Honourable senators, it is my duty to preside over motions to elect the committee chairman. I am ready to receive motions to that effect.

Senator Grafstein: I move that Senator Stewart be elected chairman of the committee.

Mr. Pelletier: Are there any other motions?

I declare the nominations closed.

I declare the Honourable Senator Stewart to be chairman of the committee.

Senator John B. Stewart (*Chairman*) in the Chair

The Chairman: Honourable senators, our second order of business is the election of a deputy chairman.

Senator Ottenheimer: It is my great honour to nominate Senator Pat Carney.

The Chairman: Are there any further nominations?

Senator Corbin: I move that nominations cease.

The Chairman: All in favour?

Hon. Senators: Agreed.

The Chairman: I declare Senator Pat Carney to be the deputy chairman.

Senator Carney: In my inaugural speech, I would like to make the point that my plane to Vancouver leaves in 50 minutes, so, with your leave, I will depart this place.

The Chairman: We need a motion for the compensation of the subcommittee on agenda and procedures as follows:

That the Subcommittee on Agenda and Procedure be composed of the Chairman, the Deputy Chairman and one other member of the Committee to be designated by the Chairman after the usual consultation; that the Subcommittee be empowered to make decisions on behalf of the Committee; that the Subcommittee be empowered to invite witnesses and schedule hearings; and that the Subcommittee report its decisions to the Committee.

Senator Grafstein: I so move.

The Chairman: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Chairman: The motion is carried in the affirmative.

The next organizational motion relates to the number of copies of our proceedings to be printed. The proposed motion is:

TÉMOIGNAGES

Ottawa, le mercredi 28 février 1996

[Traduction]

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui, à 17 heures, pour organiser ses activités.

M. Serge Pelletier, greffier du comité: Honorables sénateurs, je suis chargé de présider la présentation des motions portant élection du président du comité. Je suis prêt à recevoir des motions à cet effet.

Le sénateur Grafstein: Je propose que l'honorable sénateur Stewart occupe le fauteuil en tant que président.

M. Pelletier: Y a-t-il d'autres motions?

Nous en resterons là en ce qui concerne les mises en candidature.

Je déclare l'honorable Stewart président du comité.

Le sénateur John B. Stewart (*président*) occupe le fauteuil.

Le président: Honorables sénateurs, notre second point à l'ordre du jour consiste en l'élection d'un vice-président.

Le sénateur Ottenheimer: J'ai le très grand honneur de proposer le sénateur Pat Carney.

Le président: Y a-t-il d'autres mises en candidature?

Le sénateur Corbin: Je propose d'en rester là avec les mises en candidature.

Le président: Les sénateurs sont-ils d'accord?

Des voix: D'accord.

Le président: Je déclare le sénateur Pat Carney vice-présidente du comité.

Le sénateur Carney: Dans mon discours inaugural, j'aimerais préciser que mon avion à destination de Vancouver part dans 50 minutes. Avec votre permission, je quitterai donc les lieux.

Le président: Il nous faut une motion en ce qui a trait à la composition du sous-comité du programme et de la procédure:

QUE le sous-comité du programme et de la procédure se compose du président, du vice-président et d'un autre membre du comité que le président désignera après les consultations d'usage; que le sous-comité soit autorisé à prendre des décisions au nom du comité; que le sous-comité soit autorisé à inviter les témoins et à établir l'horaire des audiences; et que le sous-comité fasse rapport de ses décisions au comité.

Le sénateur Grafstein: Je le propose.

Le président: Les honorables sénateurs sont-ils d'accord?

Des voix: D'accord.

Le président: La question, mise aux voix, est adoptée.

La prochaine motion porte sur le nombre d'exemplaires que nous ferons imprimer de nos délibérations. La motion proposée est la suivante:

That the Committee print 500 copies of its Proceedings.

Senator Grafstein: Is that expenditure within our budget?

The Chairman: I believe it is.

Senator Grafstein: Then I so move.

The Chairman: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Chairman: We have a proposed motion relative to taking evidence without a quorum:

That, pursuant to Rule 90, the Chairman be authorized to hold meetings, to receive and authorize the printing of the evidence when a quorum is not present.

Senator Ottenheimer: I so move.

The Chairman: It is agreed, honourable senators?

Hon. Senators: Agreed.

The Chairman: The next standard motion relates to the reporting of expenses:

That, pursuant to rule 105, the Chairman be authorized to report expenses incurred by the committee in the last session.

Senator Grafstein: I so move.

The Chairman: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Chairman: The next standard motion states:

That, pursuant to section 32 of the Financial Administration Act, authority to commit funds be conferred on the Chairman or, in his absence, the Deputy Chairman; and that, pursuant to section 34 of the Financial Administration Act, and Guideline 3:05 of Appendix II of the *Rules of the Senate*, authority for certifying accounts payable by the Committee be conferred on the Chairman, the deputy Chairman and the Clerk of the Committee.

Is someone prepared to move that motion?

Senator Ottenheimer: I will make that motion.

The Chairman: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Chairman: Carried.

We have another proposed motion:

That, pursuant to Rule 103, reasonable travelling and living expenses be paid to witnesses invited to appear before the Committee and that such expenses be paid at the discretion of the Committee subject to a maximum of two (2) representatives per organization.

QUE le comité fasse imprimer 500 exemplaires de ses Délibérations.

Le sénateur Grafstein: Cette dépense cadre-t-elle dans notre budget?

Le président: Je crois que oui.

Le sénateur Grafstein: Alors je le propose.

Le président: Les honorables sénateurs sont-ils d'accord?

Des voix: D'accord.

Le président: Nous avons un projet de motion concernant l'autorisation à tenir des réunions et à imprimer des témoignages en l'absence de quorum.

QUE, conformément à l'article 90 du Règlement, le président soit autorisé à tenir des réunions pour entendre des témoignages et à en permettre la publication en l'absence de quorum.

Le sénateur Ottenheimer: Je le propose.

Le président: Les honorables sénateurs sont-ils d'accord?

Des voix: D'accord.

Le président: La prochaine motion habituelle porte sur l'autorisation de faire rapport des dépenses:

QUE, conformément à l'article 105 du Règlement, le président soit autorisé à faire rapport des dépenses faites au cours de la dernière session.

Le sénateur Grafstein: Je le propose.

Le président: Les honorables sénateurs sont-ils d'accord?

Des voix: D'accord.

Le président: La prochaine motion habituelle se lit comme suit:

QUE, conformément à l'article 32 de la Loi sur la gestion des finances publiques, l'autorisation d'engager les fonds du comité soit conférée au président, ou en son absence, au vice-président; et que, conformément à l'article 34 de la Loi sur la gestion des finances publiques, et à la directive 3:05 de l'Annexe II du *Règlement du Sénat*, l'autorisation d'approuver les comptes à payer du comité soit conféré au président et au vice-président, et au greffier du comité.

Quelqu'un est-il prêt à proposer cette motion?

Le sénateur Ottenheimer: Je propose cette motion.

Le président: Les honorables sénateurs sont-ils d'accord?

Des voix: D'accord.

Le président: Adopté.

Nous avons une autre motion:

QUE, conformément à l'article 103 du Règlement, une indemnité raisonnable pour frais de déplacement et de séjour soit versée à tout témoin invité à comparaître devant le comité et que ces frais soient payés à la discrétion du comité jusqu'à concurrence de deux (2) représentants par organisation.

Senator Ottenheimer: I recall that the last time we made this motion, the point came up that some witnesses appear but do not wish to be paid. Obviously the situation is they may be paid, but perhaps the phrase "at the discretion" would cover such situations. Some corporate witnesses do not wish to be reimbursed. Obviously, there would be no obligation to do so.

The Chairman: Senator, I would have leaned more heavily on the word "invited". It is not just that the committee is making itself available to people who want to be heard, but where the committee selects a potential witness and invites that person.

Any further discussion? Will someone move the motion?

Senator Bacon: I move the motion.

Senator Corbin: Are there guidelines with respect to the reimbursement of witnesses' expenses? Is there a bottom line and a ceiling?

Mr. Pelletier: Yes. For example, we pay economy class for plane tickets. For hotels and meals and per diem expenses, we use Treasury Board guidelines.

The Chairman: Is that motion acceptable to the committee?

Hon. Senators: Agreed.

The Chairman: Carried. I should tell the members of the committee now that the man seated here beside Mr. Chapman is Mr. Galpin who has been made available to the committee by the Department of Foreign Affairs as a resource person for our work in Europe.

Honourable senators, we had hoped to hear two witnesses from the Department of Foreign Affairs this afternoon but, by reason of the time taken in the chamber, I took it upon myself to tell the witnesses that it would be pointless to start so late in the day. We have another matter to grapple with this afternoon, and there may well be extensive discussion on certain points.

The committee continued *in camera*.

Le sénateur Ottenheimer: Je me rappelle que la dernière fois que nous avons présenté cette motion, quelqu'un a fait remarquer que certains témoins ne semblent pas vouloir qu'on leur rembourse ces frais. De toute évidence, ils peuvent être remboursés, mais l'expression «à la discrétion» permettait peut-être de faire face à des situations de ce genre. Certains témoins qui représentent des sociétés ne veulent pas qu'on leur rembourse leurs frais. De toute évidence, il n'y aurait aucune obligation à le faire.

Le président: Sénateur, j'aurais insisté davantage sur le mot «invité». Ce n'est pas simplement que le comité se met à la disposition des gens qui veulent être entendus mais qu'il choisit un témoin éventuel et l'invite à comparaître.

Quelqu'un a-t-il autre chose à dire? Quelqu'un veut-il proposer la motion?

Le sénateur Bacon: Je propose la motion.

Le sénateur Corbin: Existe-t-il des lignes directrices régissant le remboursement des dépenses des témoins? Y a-t-il un seuil et un plafond?

M. Pelletier: Oui. Par exemple, nous payons la classe économique pour les billets d'avion. En ce qui concerne les hôtels, les repas et les dépenses quotidiennes, nous appliquons les directives du Conseil du Trésor.

Le président: Cette motion est-elle acceptable pour les membres du comité?

Des voix: D'accord.

Le président: Adopté. Je dois dire maintenant aux membres du comité que la personne assise ici à côté de M. Chapman est M. Galpin que le ministère des Affaires extérieures a mis à la disposition du comité comme personne-ressource pour nos déplacements en Europe.

Honorables sénateurs, nous avons espéré entendre deux témoins du ministère des Affaires étrangères cet après-midi mais, étant donné le temps pris à la Chambre, j'ai pris l'initiative d'avertir les témoins qu'il serait inutile de commencer aussi tard dans la journée. Nous avons une autre question à examiner cet après-midi et certains points risquent d'exiger une longue discussion.

Le comité poursuit ses travaux à huis clos.

Ottawa, Wednesday, March 6, 1996

[English]

The Standing Senate Committee on Foreign Affairs met this day, at 11:00 a.m., to consider its order of reference to examine and report on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the emergence of the European Union for economic, political, and defence relations between Canada and Europe.

Senator John B. Stewart (Chairman) in the Chair.

Ottawa, le mercredi 6 mars 1996

[Traduction]

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui, à 11 heures, pour examiner, en vue d'en faire rapport, les répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe.

Le sénateur John B. Stewart (président) occupe le fauteuil.

The Chairman: Honourable senators, we have as our witnesses from the Department of Foreign Affairs and International Trade Mr. Jean-Pierre Juneau, Assistant Deputy Minister, Europe Branch, and Mr. Gordon Venner, Deputy Director, European Union Division.

Gentlemen, I believe you know the focus of the committee at the moment. It would be helpful to hear what you have to say.

Mr. Jean-Pierre Juneau, Assistant Deputy Minister, Europe Branch, Department of Foreign Affairs and International Trade: Mr. Chairman and honourable senators, let me begin by saying how pleased I am to be here this morning to discuss with you Canada's political and economic relationship with our transatlantic partners.

I should like to divide my presentation today into four parts. First, I should like to provide a brief history of the events and circumstances that have led us to the eve of negotiations with the European Union on a new agreement on the future course of bilateral relations. Second, I should like to make some brief comments on the EU-U.S. agreement signed last December in Madrid by President Clinton and Prime Minister Gonzales of Spain. Third, I should like to discuss the impact of transatlantic trade liberalization. Finally, I should like to update members of the committee on the Canada-EU trade relations since you were briefed by one of my colleagues in November.

In a few short years, since the end of the Cold War, the face of Europe has changed dramatically. In a span of six short years, we have seen the fall of the Berlin Wall, the dissolution of the Soviet Union, the reunification of Germany and its emergence as a dominant continental economic power, the expansion and continuing integration of the European Union, the widespread introduction of market economics in central and Eastern Europe, the spread of democracy and respect for human rights, and the war in Bosnia.

Together, these changes have forced us to reassess our interest and priorities in Europe. The common security interests that bound North America and Western Europe so closely together for over 40 years have become significantly less. The countries of the European Union are now more than ever preoccupied with the changes of deepening integration, from the creation of a single currency to the gradual development of a common foreign and security policy. An EU inter-governmental conference which will map out the next phase in this evolutionary process will open in Torino, Italy at the end of this month.

Economically, the \$7 trillion GDP of the European Union is now larger than the GDP of the United States. Within the World Trade Organization, the European Union exercises enormous influence. If the European Union is already an economic superpower, its global political power and influence is slowly catching up. For example, in world bodies such as the United Nations, EU member states try hard to act together as one bloc on

Le président: Honorables sénateurs, nous accueillons du ministère des Affaires étrangères et du Commerce international M. Jean-Pierre Juneau, sous-ministre adjoint, Secteur de l'Europe, et M. Gordon Venner, directeur adjoint, Direction de l'Union européenne.

Messieurs, vous connaissez les paramètres de l'étude. Il serait utile d'entendre ce que vous avez à dire à ce sujet.

M. Jean-Pierre Juneau, sous-ministre adjoint, Secteur de l'Europe, ministère des Affaires étrangères et du Commerce international: Monsieur le président et honorables sénateurs, je suis heureux d'être ici ce matin pour discuter avec vous des relations politiques et économiques qu'entretient le Canada avec ses partenaires transatlantiques.

Mon exposé aujourd'hui comporte quatre volets. Premièrement, je compte vous décrire brièvement les événements et les circonstances qui ont mené aux négociations que nous sommes sur le point d'entreprendre avec l'Union européenne en vue de conclure une nouvelle entente sur l'avenir de nos relations bilatérales. Deuxièmement, j'ai l'intention de vous parler brièvement de l'entente UE-États-Unis qu'ont signée en décembre dernier, à Madrid, le président Clinton et M. Gonzales, le premier ministre de l'Espagne. Troisièmement, je discuterai de l'impact de la libéralisation du commerce transatlantique. Enfin, je vous informerai des progrès réalisés dans nos relations commerciales avec l'UE depuis novembre dernier, c'est-à-dire depuis la dernière présentation faite par un de mes collègues devant votre comité.

Depuis la fin de la Guerre froide, le visage de l'Europe a changé de façon radicale. En six ans seulement, nous avons été témoins de la chute du mur de Berlin, de la dissolution de l'Union soviétique, de la réunification de l'Allemagne et de son émergence comme puissance économique continentale dominante, du renforcement de l'intégration de l'Union européenne, de l'introduction généralisée d'économies de marché en Europe centrale et orientale, de la promotion de la démocratie et du respect des droits de la personne, et du conflit bosniaque.

Ces événements, considérés conjointement, nous ont obligés à réévaluer nos intérêts et nos priorités en Europe. Les objectifs de sécurité collective qui lient de façon si étroite l'Amérique du Nord et l'Europe de l'Ouest depuis plus de 40 ans ont perdu de leur importance. Les États membres de l'Union européenne sont plus que jamais préoccupés par les changements qu'entraîne l'approfondissement de l'intégration, allant de la création d'une monnaie unique à l'élaboration graduelle d'une politique étrangère et de sécurité commune. Une conférence intergouvernementale de l'UE visant à tracer les grandes lignes de la prochaine phase de ce processus évolutif se tiendra à Turin, en Italie, à la fin de ce mois-ci.

Sur le plan économique, le PIB de l'Union européenne, qui atteint sept billions de dollars, est maintenant aussi important que le PIB américain. L'Union européenne exerce une influence énorme au sein de l'Organisation mondiale du commerce. Si elle constitue déjà une superpuissance économique, son poids et son influence politiques à l'échelle planétaire s'affirment progressivement. Par exemple, au sein d'organismes comme les Nations

most issues. This influence can only increase as EU integration increases.

Against this backdrop, how have Canadian interests in Europe, particularly in the European Union, changed? First, of dominant concern and overriding interest in the past was the successful deterrence of aggression by the Warsaw Pact countries. With the Cold War over, the first priority for the Canada-EU relationship is now jobs, economic growth and building the conditions for long-term prosperity. Our two-way trade with the European Union in 1994 was \$32 billion. Total EU investment in Canada in the same year was \$33 billion, more than three times the level of investment from the Asia-Pacific region. Taken together, the European Union is Canada's second most important trade and investment partner. Enhancing levels of economic integration and dealing effectively with trade irritants can mean more jobs on both sides of the Atlantic.

Politically, we need to re-emphasize that we are partners, not rivals, with the European Union. We must increase our cooperation in addressing transnational crime, illegal immigration, smuggling, terrorism and other global issues. As European political strength grows, Canada must work hard to ensure that transatlantic relations do not become dominated by an exclusive EU-U.S.A. dialogue. On the security front, our continued participation in NATO and the OSCE means that we will maintain a strong interest in European peace and stability.

How do we pursue this new transatlantic agenda? Our initial approach was to focus on the need for trilateral dialogue involving Canada, the European Union and the United States. Why? Because on the economic front the level of integration of the Canadian and U.S. economies makes it important to maintain, to the extent possible, a level playing-field for trade and investment between the European Union and North America. New transatlantic trade and/or investment agreements that exclude Canada could have negative economic consequences for Canadian jobs and economic growth.

In December 1994, in a speech to the French Senate, the Prime Minister called for Europeans to consider a transatlantic free trade agreement linking the European Union and NAFTA. In subsequent months, the Minister of Foreign Affairs and the Minister for International Trade repeated this message in Washington and throughout Europe. The strongest support for Canada's call for transatlantic trade liberalization came from Germany, the U.K., Italy, Sweden and the Netherlands. Others, such as the French and the Americans, were more lukewarm to the idea.

Unies, les États membres de l'UE s'efforcent de parler d'une seule voix dans la plupart des dossiers. Cette influence ne peut que croître au fur et à mesure que se consolide l'intégration de l'UE.

Compte tenu de ce qui précède, dans quelle mesure les intérêts du Canada en Europe, et surtout au sein de l'Union européenne, ont-ils évolué? D'abord, la préoccupation dominante dans le passé était de contenir efficacement toute agression de la part des pays membres du Pacte de Varsovie. La fin de la Guerre froide a eu pour effet de modifier les rapports entre le Canada et l'UE, la priorité étant désormais accordée à la création d'emplois, à la croissance économique et à la prospérité à long terme. Nos échanges bilatéraux avec l'Union européenne atteignaient 32 milliards de dollars en 1994, tandis que ses investissements au Canada totalisaient 33 milliards de dollars, soit trois fois plus que les investissements provenant de la région Asie-Pacifique. L'Union européenne constitue le deuxième partenaire en importance du Canada au chapitre des échanges et des investissements. L'amélioration de l'intégration économique et l'élimination des irritants commerciaux pourraient favoriser la croissance de l'emploi des deux côtés de l'Atlantique.

Sur le plan politique, nous devons insister sur le fait que nous sommes les partenaires de l'Union européenne, non pas ses rivaux. Nous devons accroître la coopération pour lutter contre la criminalité transnationale, l'immigration illégale, la contrebande, le terrorisme et autres fléaux mondiaux. Compte tenu de l'influence politique grandissante de l'Europe, le Canada doit veiller à ce que les relations transatlantiques ne soient pas dominées par un dialogue qui se fait exclusivement entre l'UE et les États-Unis. Sur le plan de la sécurité, notre participation soutenue aux activités de l'OTAN et de l'OSCE montre que nous continuons de nous intéresser de près à la paix et à la stabilité en Europe.

Comment poursuivre ce nouvel objectif transatlantique? Dans un premier temps, nous avons cru bon encourager le dialogue entre le Canada, l'Union européenne et les États-Unis. Pourquoi? Parce que sur le plan économique, l'intégration des économies canadienne et américaine passe par le maintien, dans la mesure du possible, de règles du jeu équitables en matière de commerce et d'investissement entre l'Union européenne et l'Amérique du Nord. La conclusion de nouveaux accords commerciaux ou d'investissements transatlantiques qui excluent le Canada pourrait avoir un impact négatif sur la situation de l'emploi et la croissance économique au Canada.

En décembre 1994, dans un discours prononcé devant le Sénat français, le premier ministre a encouragé les Européens à envisager la possibilité de conclure un accord de libre-échange transatlantique liant l'Union européenne et les pays membres de l'ALÉNA. Dans les mois qui ont suivi, le ministre des Affaires étrangères et le ministre du Commerce international ont répété ce message à Washington et en Europe. La démarche du Canada en faveur de la libéralisation du commerce transatlantique a été appuyée par l'Allemagne, le Royaume-Uni, l'Italie, la Suède et les Pays-Bas. D'autres pays, comme la France et les États-Unis, y ont réservé un accueil mitigé.

At about the same time, the European Union and the United States began discussing the possibility of developing a joint action plan for renewing their transatlantic relationship. We were eager to join this process for reasons that I have already mentioned. However, the bilateral fish dispute between Canada and the European Union last March, combined with Spain's assumption of the rotating EU presidency in July, doomed our efforts. Nevertheless, we continued to make our case that the transatlantic initiative should involve all partners, and should not be seen as a bilateral process involving only the European Union and the United States.

In October, together with Germany, we formed a working group to develop an outline for a Canada-EU action plan. The report was issued in November and forwarded to all transatlantic partners. One of the key recommendations was that, where appropriate, these discussions should be trilateralized.

On December 3, the European Union and the United States held a summit meeting in Madrid where they issued a joint declaration and action plan for deepening their relationship. Copies of this document have been distributed to members of the committee.

In January, we presented to the European Commission and the Italian presidency a working document outlining a Canadian proposal for a Canada-EU action plan. This document, copies of which I have brought with me today, is much more concise than the EU-U.S.A. action plan. There are two reasons for that: First, Canada already has a much more advanced relationship with the European Union than does the United States. For example, in 1976, Canada was the first country to sign an economic framework agreement with the European Union. This agreement requires annual consultations on matters of joint concern. In 1990, we signed a transatlantic declaration requiring annual meetings between the Prime Minister and the current EU president. In addition, we have important new bilateral agreements with the European Union on education, science and technology which will bring direct benefits to individuals in the Canadian private sector. Second, the Canadian proposal is a more focused, action-oriented agenda than the EU-U.S.A. plan. The Canadian proposal addresses our priority interests. Among these, economic and trade elements figure prominently.

Our short-term economic objectives include the resolution of outstanding bilateral trade disputes, acceleration of scheduled WTO tariff reductions, the conclusion of a series of bilateral agreements currently under negotiation, enhanced cooperation in the WTO, and a more active transatlantic business dialogue.

One of our long-term objectives is the reduction and, where possible, eventual elimination of barriers to transatlantic trade and investment. The proposal calls for a trilateral study to determine the best way to bring this about.

À peu près au même moment, l'Union européenne et les États-Unis ont commencé à discuter de la possibilité d'élaborer un plan d'action commun pour relancer leurs relations transatlantiques. Nous étions impatients de nous joindre à ce processus pour les raisons que j'ai déjà mentionnées. Toutefois, le différend sur la pêche qui a opposé le Canada et l'Union européenne en mars dernier, conjugué au fait que c'était au tour de l'Espagne d'assumer la présidence en juillet, ont eu pour effet de contrecarrer nos efforts. Néanmoins, nous avons continué de faire valoir que l'initiative transatlantique devait englober tous les partenaires, et qu'elle ne devrait pas être perçue comme un processus bilatéral impliquant uniquement l'Union européenne et les États-Unis.

En octobre, nous avons, de concert avec l'Allemagne, créé un groupe de travail chargé d'élaborer un plan d'action Canada-UE. Le rapport a été déposé en novembre et envoyé à tous les partenaires transatlantiques. Il recommandait entre autres la tenue, si besoin est, de discussions trilatérales.

Le 3 décembre, l'Union européenne et les États-Unis ont tenu une réunion au sommet à Madrid, où ils ont émis une déclaration commune et un plan d'action prônant le renforcement de leurs relations. Des copies du document ont été distribuées aux membres du comité.

En janvier, nous avons présenté à la Commission européenne et à la présidence italienne un document de travail décrivant le plan d'action Canada-UE proposé par le Canada. Ce document, dont j'ai des copies avec moi, est beaucoup plus concis que le plan d'action UE-États-Unis, et ce, pour deux raisons: premièrement, le Canada entretient avec l'Union européenne des relations beaucoup plus étroites que les États-Unis. Par exemple, en 1976, le Canada est devenu le premier pays à signer une entente cadre économique avec l'Union européenne. Cette entente prévoit la tenue de consultations annuelles sur des questions d'intérêt commun. En 1990, nous avons signé une déclaration transatlantique prévoyant la tenue de réunions annuelles entre le premier ministre et le président actuel de l'Union européenne. En outre, nous avons conclu d'importantes ententes bilatérales avec l'Union européenne dans les domaines de l'éducation, des sciences et la technologie, ententes qui profiteront directement au secteur privé canadien. Deuxièmement, la proposition canadienne est plus focalisée que le plan UE-États-Unis. La proposition canadienne s'attaque à nos intérêts prioritaires. Parmi ceux-ci figurent l'économie et les échanges commerciaux.

Nos objectifs économiques à court terme comprennent le règlement des différends commerciaux bilatéraux, l'accélération des réductions tarifaires prévues par l'OMC, la conclusion d'une série d'ententes bilatérales en voie de négociation, une coopération accrue au sein de l'OMC et l'intensification du dialogue transatlantique.

Nos objectifs à long terme comprennent, entre autres, la réduction et, si possible, l'élimination éventuelle des obstacles au commerce et aux investissements transatlantiques. La proposition recommande la réalisation d'une étude trilatérale pour déterminer le meilleur moyen d'y parvenir.

We have also indicated our interest in greater cooperation in the security, foreign affairs, justice and home affairs areas. We expect that the EU Council of Ministers will shortly approve negotiations with us on a joint action plan. Should these negotiations proceed quickly, the Italians have expressed an interest in a Canada-EU summit involving the Prime Minister and his Italian counterpart, at which such a document could be signed. Such a summit could take place in June, either before or after the G-7 summit in Lyon.

As I noted earlier, the European Union-U.S.A. document is quite lengthy. While the list of issues it covers is very broad, there are only a few places where specific new areas of cooperation are identified. In this respect, the action plan is more of an overview of the future course of EU-U.S.A. relations.

There are two areas, however, on which I should like to touch briefly: The transatlantic trade study, and cooperation to address what are termed global challenges. The action plan calls for the creation of a "new transatlantic marketplace," which is a euphemism for freer trade and transatlantic flows of goods, services, and capital. The idea of a transatlantic free trade agreement, or TAFTA, was specifically avoided.

The notion of a TAFTA has been resisted by those EU member states fearful of the negative consequences this could have on the EU common agricultural policy. The Americans, wishing to protect certain industries such as textiles from cheaper European imports, have also been less than enthusiastic about the idea. The compromise was an agreement to study the issue. This idea is also contained in the Canadian proposal, and consequently, we have called for this study to be carried out on a trilateral basis.

The European Union-U.S.A. Action Plan also calls for the negotiation of specific agreements that would facilitate trade. Canada is already way ahead of the Americans in this area. We have already concluded agreements with the European Union on science, technology and education. We are nearing the conclusion of negotiation on additional agreements concerning the mutual recognition of product standards and testing, veterinary standards, custom cooperation, and cooperation between our commercial competition authorities. These agreements will provide substantial assistance to Canadian exporters trying to sell into the European Union market.

Much of what is in the EU-U.S.A. Action Plan under "Global Challenges" can also be found in the Canadian proposal combating organized crime, terrorism, smuggling, illegal immigration, environmental protection, et cetera. If these problems are to be effectively addressed, then all transatlantic partners must participate in framing common strategies. This is why we have emphasized in our proposal that these are issues where trilateral cooperation is key.

Nous souhaitons également accroître la coopération dans les domaines de la sécurité, des affaires étrangères, de la justice et des politiques internes. Nous nous attendons à ce que le Conseil des ministres de l'UE donne très bientôt le feu vert à l'ouverture de négociations avec le Canada en vue d'élaborer un plan d'action commun. Advenant que ces négociations se déroulent rapidement, les Italiens ont manifesté l'intérêt de tenir un sommet Canada-UE réunissant le premier ministre et son homologue italien, au cours duquel un document serait signé. Cette rencontre pourrait avoir lieu en juin, avant ou après la tenue du sommet du G-7 à Lyon.

Comme je l'ai mentionné plus tôt, le document Union européenne-États-Unis est assez volumineux. Bien que la liste des questions visées par ce dernier soit exhaustive, les nouveaux domaines de coopération sont plutôt rares. À cet égard, le plan d'action décrit essentiellement l'orientation des relations futures de l'Union européenne et des États-Unis.

Il y a toutefois deux sujets sur lesquels j'aimerais brièvement m'attarder: l'étude transatlantique sur le commerce et l'accroissement de la coopération en vue de faire face aux défis mondiaux. Le plan d'action propose la création d'un «nouveau marché transatlantique», un euphémisme qui signifie la libéralisation des échanges et le flux transfrontalier de biens, de services et de capitaux. La notion d'un accord de libre-échange transatlantique, ou ALÉTA, a été soigneusement évitée.

Cette notion a été rejetée par les pays membres de l'Union européenne qui craignent les conséquences négatives d'une telle initiative sur la politique agricole commune de l'UE. Les Américains, qui souhaitent protéger certaines industries, comme celle du textile, des importations européennes moins coûteuses, ont également manifesté peu d'intérêt pour ce concept. On s'est donc tout simplement entendu pour examiner la question. Comme cette idée est reprise dans la proposition canadienne, nous avons demandé, par conséquent, que l'étude se déroule selon une formule trilatérale.

Le plan d'action UE-États-Unis recommande également la tenue de négociations pour la conclusion d'ententes particulières qui faciliteraient le commerce. À ce chapitre, le Canada devance les Américains. Nous avons déjà conclu avec l'Union européenne des accords dans les domaines des sciences, de la technologie et de l'éducation. Nous sommes sur le point de conclure des ententes additionnelles sur la reconnaissance réciproque des normes de produits, des méthodes d'essais et des normes vétérinaires, la coopération douanière, la coopération entre les organismes responsables de la concurrence commerciale. Ces ententes seront d'une grande utilité aux exportateurs canadiens qui essaient de vendre leurs produits sur le marché de l'Union européenne.

La plupart des éléments qui figurent sous la rubrique «Défis mondiaux» du plan d'action UE-États-Unis se retrouvent également dans la proposition canadienne. Mentionnons la lutte contre le crime organisé, le terrorisme, la contrebande et l'immigration illégale, la protection de l'environnement, ainsi de suite. Pour venir à bout de ces problèmes, les partenaires transatlantiques doivent collaborer ensemble à l'élaboration de stratégies communes. C'est pourquoi nous avons insisté, dans notre proposition, sur

When considering the impact of transatlantic free trade on Canada, it is worth remembering that because in excess of 80 per cent of our trade is with the United States, any agreement to liberalize trade flows with other countries or regions will have, at best, a modest positive impact on economic growth in Canada. Nevertheless, it is the view of the government that the two-way trade and investment flows between Canada and the European Union are significant enough to merit the negotiation of a comprehensive transatlantic trade agreement as a legitimate public policy goal.

Quantitative analysis of the impact of transatlantic free trade is complicated by the difficulty of adequately measuring the benefits that would be gained from a reduction or elimination of non-tariff barriers as opposed to reducing or eliminating tariff or import quotas. In other words, it is likely that any statistical analysis will always under-report potential benefits. It is also important to remember that many of our leading exports already enter the European Union duty free. This again renders marginal the direct economic gains that we could attribute to a transatlantic free trade agreement.

Having said that, preliminary departmental analysis yields three main points that I think are worth mentioning: First, a transatlantic free trade agreement that did not include agriculture would have only an insignificant impact on economic growth in Canada. As you know, any change to the common agricultural program is a very politically sensitive issue within the European Union. Although we have made recent progress, our access to the EU market for agricultural products remains tightly restricted, primarily to import quotas. Second, when agriculture is included in a transatlantic free trade agreement, the impact on economic growth in Canada is marginally positive. Again, this does not take into account the positive benefits that would result from the reduction and elimination of non-tariff barriers.

Third, we believe that the main benefit to Canada from a transatlantic free trade agreement would be the positive impact that it would have on stimulating European investments in Canada. The EU currently is the second most important source of investment in Canada after the United States. By 1994, the total stock of EU foreign direct investments in Canada was \$33 billion. This compares to \$10 billion from Asia and the Pacific region. However, this simple comparison alone fails to demonstrate the real importance of EU investment to the Canadian economy.

Investment from Europe, like that of the United States but unlike that of other regions, tends to be in the form of new plant and equipment. This involves a technology transfer that enhances the long-term competitiveness of the Canadian economy. Therefore, making Canada an even more attractive destination for European investment through a move to more liberalized

la nécessité d'instituer une coopération trilatérale dans ces domaines.

Pour ce qui est des répercussions du libre-échange transatlantique sur le Canada, il convient de mentionner que, puisque plus de 80 p. 100 de nos échanges se font avec les États-Unis, toute entente visant à libéraliser le commerce avec d'autres pays ou régions aura, au mieux, un impact positif modeste sur la croissance économique du Canada. Néanmoins, le gouvernement estime que les échanges et les investissements bilatéraux entre le Canada et l'Union européenne sont importants et qu'ils doivent faire l'objet d'une entente commerciale globale. Il s'agit là d'un objectif légitime de la politique gouvernementale.

Il est difficile d'effectuer une analyse quantitative des répercussions du libre-échange transatlantique puisqu'on ne peut mesurer efficacement les avantages qu'entraînerait la réduction ou l'élimination des barrières non tarifaires par opposition à la réduction ou à l'élimination des quotas tarifaires ou d'importation. Autrement dit, les analyse statistiques sous-estimeront toujours les avantages éventuels d'une telle initiative. Il convient de souligner que bon nombre de nos principaux produits sont déjà exportés en franchise de droits sur le marché de l'Union européenne, de sorte que les bienfaits économiques directs qui découleraient d'un accord de libre-échange transatlantique resteraient secondaires.

Cela dit, trois grandes conclusions se dégagent des analyses ministérielles préliminaires: premièrement, un accord de libre-échange transatlantique qui exclut le secteur agricole n'aurait qu'un impact négligeable sur la croissance économique du Canada. Comme vous le savez, tout changement apporté à la politique agricole commune constitue, sur le plan politique, un sujet très délicat au sein de l'Union européenne. Bien que nous ayons réalisé des progrès récemment, notre accès au marché agricole de l'UE demeure très restreint, en raison principalement des quotas d'importation. Deuxièmement, l'inclusion du secteur agricole dans l'accord de libre-échange transatlantique aurait un impact positif sur la croissance économique du Canada. Encore une fois, on ne tient pas compte dans ce calcul des gains qui résulteraient de la réduction ou de l'élimination des barrières non tarifaires.

Troisièmement, la conclusion d'un accord de libre-échange transatlantique s'avérerait positive pour le Canada en ce sens qu'il stimulerait les investissements européens au Canada. À l'heure actuelle, l'UE constitue la deuxième source d'investissement en importance du Canada, après les États-Unis. En 1994, les investissements européens directs au Canada totalisaient 33 milliards de dollars, contre 10 milliards pour la région Asie-Pacifique. Toutefois, cette comparaison ne rend pas compte, à elle seule, de l'importance réelle des investissements européens au Canada.

Les investissements européens et américains ont tendance à se manifester sous forme d'équipements et d'installations nouvelles. Ce qui implique un transfert de technologies qui améliore la compétitivité à long terme de l'économie canadienne. Par conséquent, le fait de transformer le Canada en destination attractive pour les investissements européens, grâce à une

transatlantic trade will contribute to strengthening the economic growth potential of the Canadian economy.

[Translation]

Considering our high volume of trade with the European Union, only a small area poses a problem. May I point out that our exports to the European Union were up by 39 per cent between January and November 1995 over the same period for the previous year.

While trade problems between Canada and the European Union are relatively few in number, the fact remains that problems tend to last for extended periods of time. The nature of our exports has also changed over the years. The volume of finished goods exported to the European Union increased from 12 per cent in 1978 to 25 per cent in 1994, whereas exports of processed products continue to account for 46 per cent of our total exports to this region.

We have made tremendous progress in our trade relations with the European Union and we have also resolved a series of longstanding problems and negotiated fair compensation, further to the recent expansion of the European Union to include Austria, Finland and Sweden. A press release and background information are available if you would like further information.

Finally, the new dispute settlement rules of the World Trade Organization — in particular those which make arbitration mandatory and accelerate the dispute settlement process — should serve Canada well in terms of addressing its trade problems with the European Union.

[English]

In conclusion, I would mention that Sir Leon Brittan of the European Commission will be here on March 18 to meet with the Prime Minister and the Ministers of Foreign Affairs and International Trade to launch the process of negotiating the action plan between Canada and the European Union. If you have any questions on this subject, I would be quite happy to answer them.

Senator Ottenheimer: I have two questions, and I think they are related: First, would I be correct in inferring from your remarks that Canada's interests would be better promoted in terms of a Canada-EU economic pact rather than a Canada-U.S. FTA-EU economic pact? Second, would there be restrictions on the regime, or would it be a less liberal trading regime if it were a bilateral Canada-EU regime rather than an FTA-EU regime? In other words, would Canada's membership in the FTA or NAFTA create restrictions if that FTA or NAFTA trading block were not the party negotiating with the EU?

Mr. Juneau: Our preference is to negotiate an agreement between NAFTA and the European Union. There are various reasons for that. One reason, obviously, is that we do not like the Americans negotiating bilateral free trade agreements with other partners that would not involve Canada. In our negotiation with Chile, for example, we supported the idea of an extension of

libéralisation des échanges transatlantiques, ne peut que contribuer à favoriser la croissance économique du Canada.

[Français]

Considérant le large volume de nos échanges commerciaux avec l'Union européenne, seulement un faible pourcentage est sujet à discorde. Je tiens à souligner que nos exportations de marchandises vers l'Union européenne ont augmenté de 39 p. 100 de janvier à novembre 1995, par rapport à la même période de l'année précédente.

Bien que les problèmes commerciaux entre le Canada et l'Union européenne soient relativement limités en nombre, il n'en demeure pas moins qu'ils ont tendance à perdurer sur de longues périodes. La nature de ces exportations a également changé au cours des ans. La proportion des produits finis exportés vers l'Union européenne est passée de 12 p. 100 en 1978 à 25 p. 100 en 1994, alors que celle des produits transformés s'est maintenue à 46 p. 100 du total de nos exportations, vers cette région.

Nous avons fait des progrès énormes dans nos relations commerciales avec l'Union européenne, en solutionnant également une série de problèmes qui duraient depuis longtemps et en négociant une juste compensation, à la suite du récent élargissement de l'Union européenne à l'Autriche, la Finlande et la Suède. Le communiqué de presse et un document d'informations sont d'ailleurs disponibles pour plus de renseignements.

Finalement, les nouvelles règles de l'Organisation mondiale du commerce concernant le règlement des disputes — notamment en rendant l'arbitrage obligatoire et en accélérant le processus de résolution des conflits — devraient bien servir le Canada dans ses problèmes commerciaux avec l'Union européenne.

[Traduction]

En conclusion, je tiens à vous annoncer que Sir Leon Brittan, de la Commission européenne, sera au Canada le 18 mars. Il rencontrera le premier ministre ainsi que les ministres des Affaires étrangères et du Commerce international en vue de lancer le processus de négociation du plan d'action Canada-Union européenne. Si vous avez des questions à ce sujet, je me ferai un plaisir d'y répondre.

Le sénateur Ottenheimer: J'ai deux questions, et je crois qu'elles sont liées: d'abord, ai-je raison de conclure, d'après vos commentaires, que les intérêts du Canada seraient mieux servis dans le cadre d'une entente économique Canada-UE que dans le cadre d'une entente de libre-échange Canada-États-Unis-UE? Ensuite, est-ce que cette entente serait assujettie à des restrictions? Est-ce qu'un accord bilatéral Canada-UE serait moins libéralisé qu'un régime ALÉ-UE? Autrement dit, est-ce que la participation du Canada à l'ALÉ ou à l'ALÉNA créerait des restrictions si ce bloc commercial visé par l'ALÉ ou l'ALÉNA n'était pas partie aux négociations avec l'Union européenne?

M. Juneau: Nous préférierions négocier une entente entre les pays membres de l'ALÉNA et l'Union européenne, et ce, pour diverses raisons. D'abord, nous ne voulons pas que les Américains négocient des accords bilatéraux de libre-échange d'autres partenaires sans la participation du Canada. Dans nos négociations avec le Chili, par exemple, nous avons appuyé l'idée d'élargir

NAFTA simply because we did not want the Americans having all kinds of bilateral free trade agreements. From the beginning, therefore, we said that we would prefer a NAFTA-EU free trade agreement.

The vocabulary has evolved with time because there was not as much enthusiasm for the idea of free trade in the United States, for example, as they were moving toward the next presidential election. This means that the words "free trade" have almost completely disappeared from their vocabulary. As well, they have disappeared from the formal vocabulary of the European Union because key members, such as France, opposed the idea of negotiating free trade agreements with other partners. For example, you may have seen last week that they opposed the idea of the negotiation of a free trade agreement with South Africa. The opposition came from France. They have been consistent in their opposition to free trade.

We are speaking about measures to reduce tariff and non-tariff barriers in a way that will be consistent with our WTO obligations. Everything we do in the discussions with our European partners will be consistent with the policies we are pursuing with the WTO, which is our main priority in terms of trade policies. We want to ensure that the WTO regimes work well. As you know, senator, we will have the first conference in Singapore, and that conference will look at that subject.

I do not know if we can say that a bilateral free trade agreement between Canada and the European Union would be less restrictive than a NAFTA-EU agreement. Personally, I think that a NAFTA-EU agreement would be less restrictive. It would be better for investment, because if we have a bilateral agreement between Canada and the European Union, for example, we would need to ensure that investors coming to Canada have access to the U.S. market for their products. Most investors who have come from Europe to Canada in the last few years have come here with the idea of having access to the entire North American market. That is why we are more in favour of a NAFTA-EU arrangement.

The free trade dimension is not very active right now, not through our doing but because of the resistance and hesitation of the United States, and also because of some resistance in Europe. I think this is something that may be reopened once the members of the European Union have gone to their famous inter-governmental conference. They must redefine the way in which they work together before they expand the European Union. Until they have done that, they will not know on what basis they should approach that kind of trade policy issue with major partners, such as North American partners.

The Chairman: Given the difference between the Canadian economy on the one hand and the American economy on the other, is there a possibility that a NAFTA-European Union

l'ALÉNA parce que nous ne voulions pas que les Américains concluent toutes sortes d'ententes bilatérales de libre-échange. Nous avons dit, dès le départ, que nous préférierions négocier un accord de libre-échange entre les partenaires de l'ALÉNA et l'Union européenne.

Le discours a changé avec le temps parce que le concept de libre-échange ne suscite plus autant d'enthousiasme aux États-Unis, ce pays se dirigeant vers des élections présidentielles. Les mots «libre-échange» ont presque disparu du vocabulaire. De plus, ce concept ne figure plus dans le vocabulaire de l'Union européenne parce que certains membres-clés, comme la France, s'opposent à la négociation d'ententes de libre-échange avec d'autres partenaires. Par exemple, la France, la semaine dernière, a rejeté l'idée de négocier un accord de libre-échange avec l'Afrique du Sud. Son opposition au libre-échange a été constante.

Nous parlons de mesures destinées à réduire les obstacles tarifaires et non tarifaires d'une manière qui sera conforme à nos obligations dans le cadre de l'OMC. Tout ce dont nous discuterons avec nos partenaires européens sera conforme aux politiques que nous suivons avec l'OMC, ce qui est notre grande priorité en matière de politique commerciale. Nous voulons nous assurer que les deux régimes de l'OMC fonctionnent bien. Comme vous le savez, monsieur le sénateur, notre première conférence se tiendra à Singapour et portera précisément sur cette question.

J'ignore si l'on peut dire qu'un accord de libre-échange bilatéral entre le Canada et l'Union européenne serait moins restrictif qu'un accord entre l'Amérique du Nord et l'Union européenne. Personnellement, je crois qu'un accord entre l'Amérique du Nord et l'Union européenne serait moins restrictif. Ce serait préférable sur le plan des investissements car si nous négocions un accord bilatéral entre le Canada et l'Union européenne par exemple, nous devons nous assurer que les investisseurs qui viennent au Canada ont accès au marché américain pour leurs produits. La plupart des investisseurs qui sont venus d'Europe au Canada ces dernières années y sont venus avec l'idée d'accéder à l'ensemble du marché nord-américain. C'est pourquoi nous sommes plutôt partisans d'un accord entre l'Amérique du Nord et l'Union européenne.

Le libre-échange n'est pas un aspect très actif à l'heure actuelle mais nous n'y sommes pour rien. Cette situation est plutôt attribuable à la résistance et à l'hésitation des États-Unis ainsi qu'à une certaine résistance de la part de l'Europe. Je pense que c'est un aspect qui pourra être abordé à nouveau une fois que les membres de l'Union européenne auront assisté à leur fameuse conférence intergouvernementale. Ils doivent redéfinir la façon dont ils travaillent ensemble avant d'élargir l'Union européenne. Jusqu'à ce qu'ils le fassent, ils ignoreront en fonction de quels paramètres aborder cette question de politique commerciale avec leurs principaux partenaires, tels que leurs partenaires nord-américains.

Le président: Compte tenu de la différence qui existe entre l'économie canadienne et l'économie américaine, est-il possible qu'un accord conclu entre l'Amérique du Nord et l'Union

agreement would be more restrictive than one between Canada and Europe?

Mr. Juneau: I do not think we can say that a NAFTA-EU agreement would be more restrictive. Obviously, if you have a NAFTA agreement, it will involve the entire North American market. This is in our interest because with that kind of agreement, we are looking for an additional mechanism to attract European investments to Canada. We have done quite well with investments coming from Europe. They are good investors. However, more and more, they come to Canada with a strategy aimed at targeting the entire North American market.

Having only an EU-Canada free trade agreement does not mean that all of the aspects of that agreement will necessarily be acceptable to the Americans. For example, we could wish in theory to be more generous in a bilateral agreement, but if it is not compatible with what we have negotiated with the Americans, it will not be applicable. That is why we always felt, intellectually, that it was better to think in terms of a NAFTA-EU agreement, given the main objective we are pursuing with that kind of agreement, which is basically to support an increase in investment from the Europeans.

As I said earlier, most of the products we export to the Europeans are exported duty free already. There is not much more to achieve in that respect; it is already done. From time to time, we debate this issue amongst ourselves. If we concentrate on the WTO, perhaps we would progress more rapidly by going the WTO route rather than going to that kind of agreement.

In any event, investors are still very much attracted to Canada. While I was in Spain, for example, we negotiated and finalized a deal that brought a major \$150 million investment into Quebec.

This company did not come to Canada solely for the Canadian market. They already export 90 per cent of their product to the United States. They are coming here because of the conditions. They felt it was easier for them to operate here in this market, but they will be targeting the whole of North America.

[Translation]

Senator Bacon: I have a brief question further to those that have already been asked.

At the present time, the European Union's attention is focused on its own affairs as well as on the business of strengthening and broadening its ties. Do you feel that the EU is really prepared at this time to move toward freer trade with Canada and the United States?

Mr. Juneau: No, I do not believe that it is prepared to embrace freer trade. Moreover, that is why we have had to adopt a different tone in recent months. The EU is not ready because it is still unwilling to change its Common Agricultural Policy.

européenne soit plus restrictif qu'un accord conclu entre le Canada et l'Europe?

M. Juneau: Je ne crois pas que l'on puisse dire qu'un accord entre l'Amérique du Nord et l'Union européenne serait plus restrictif. Évidemment, il s'agirait d'un accord qui engloberait l'ensemble du marché nord-américain. Ce serait dans notre intérêt car ce type d'accord nous offrirait un mécanisme supplémentaire pour attirer des investissements européens au Canada. Nous avons eu de très bons résultats avec les investissements provenant d'Europe. Ce sont de bons investisseurs. Cependant, de plus en plus, ils viennent au Canada avec l'intention de cibler l'ensemble du marché nord-américain.

La conclusion d'un accord de libre-échange uniquement entre l'Europe et le Canada ne signifie pas que tous les aspects de cet accord seront forcément acceptables pour les Américains. Par exemple, nous pourrions vouloir théoriquement être plus généreux dans le cadre d'un accord bilatéral mais si cela n'est pas compatible avec les modalités que nous avons négociées avec les Américains, nous ne le pourrions pas. C'est pourquoi nous avons toujours cru préférable, sur le plan intellectuel, d'envisager un accord entre l'Amérique du Nord et l'Union européenne, compte tenu du principal objectif que nous visons grâce à ce type d'accord, c'est-à-dire favoriser un accroissement des investissements en provenance de l'Europe.

Comme je l'ai dit plus tôt, la plupart des produits que nous exportons vers l'Europe sont déjà exportés en franchise. Il n'y a pas grand-chose de plus à accomplir sur ce plan. Parfois, nous débattons de cette question entre nous. Si nous mettions l'accent sur l'OMC, nous pourrions peut-être progresser plus rapidement par le biais de l'OMC qu'en optant pour ce type d'accord.

Quoi qu'il en soit, les investisseurs continuent à être très intéressés par le Canada. Lorsque j'étais en Espagne, par exemple, nous avons négocié et conclu une entente qui a entraîné un important investissement de 150 millions de dollars au Québec.

L'entreprise en question n'est pas venue au Canada uniquement pour le marché canadien. Elle exporte déjà 90 p. 100 de son produit aux États-Unis. Elle est venue ici en raison des conditions. Elle estimait qu'il était plus facile pour elle de faire des affaires ici sur ce marché, mais elle ciblera l'ensemble de l'Amérique du Nord.

[Français]

Le sénateur Bacon: J'ai une toute petite question suite aux questions qui ont déjà été posées.

L'Union européenne est quand même absorbée en ce moment par le resserrement de ses liens, par ses propres affaires ainsi que par l'élargissement de ses liens. Est-ce que vous pensez que l'Union européenne est vraiment prête en ce moment à prendre des mesures pour libéraliser les échanges avec le Canada et les États-Unis? Est-ce qu'ils sont vraiment prêts à le faire en ce moment?

M. Juneau: Pour libéraliser les échanges, non. D'ailleurs, c'est pour cela que l'on a dû modifier notre vocabulaire au cours des derniers mois. Ils ne sont pas prêts parce qu'ils ne sont pas encore prêts à modifier leur politique agricole commune.

The day will come when it will have no choice but to change the Common Agricultural Policy. When the European Union expands to include Central and Eastern Europe, the important thing for us to consider is the transition period that EU countries will require of Central and Eastern European countries before they can become full-fledged EU members.

We expect this transition period to be fairly long, a minimum of 10 and maybe even 15 years, as was the case when Spain and Portugal joined the European Union. Therefore, it will be some time yet before the EU is in a position to amend its Common Agricultural Policy.

Under the circumstances, we cannot expect a traditional free trade agreement to be negotiated between the North Americans and the Europeans. When the Americans began their discussions with the Europeans, as soon as the word "free trade" was uttered, the question of reforming the Common Agricultural Policy was immediately placed on the table. Right away, it posed a major obstacle for certain countries.

We always mention France because it is the most outspoken country when it comes to agricultural policy issues. However, Germany also benefits to some extent from Europe's current policy in this area.

Senator Bacon: Nonetheless, during his last trip, Mr. Chirac spoke of a transatlantic alliance with the Americans.

Mr. Juneau: Yes, but not in the context of free trade.

Senator Bacon: No, not in that context.

Mr. Juneau: When we met with French President Chirac at the Halifax Summit, he noted that Canada would be actively involved in any renewal of the transatlantic relationship and that as far as he was concerned, there was no question of conducting bilateral affairs between the United States and Europe without Canada's participation.

However, he was referring more to changing relations in the area of security and defence, for example, to increased cooperation in such fields as science and technology. We signed our agreement on science and technology during this transatlantic meeting with Mr. Chirac.

Leon Brittan signed on behalf of the Europeans, despite the fact that at the time, the European Union still had a number of objections, given the situation with the fishery. However, President Chirac wanted this agreement to be signed to demonstrate that the European Union was clearly interested in pursuing development and enhancing its relations with Canada.

[English]

Senator Stollery: My first question is a technical one. You made the point that we are, in many areas, quite ahead of the Americans in our relations with the European Community. You mentioned a series of things, some of which I recognize.

Ils seront obligés de modifier la politique agricole commune. Lorsque l'Union européenne va s'élargir aux partenaires de l'Europe centrale et de l'Europe de l'Est, la chose qu'il sera important de suivre, en ce qui nous concerne, c'est la période de transition que les pays de l'Union européenne imposeront aux pays de l'Europe centrale et de l'Europe de l'Est avant qu'ils puissent devenir membres à part entière.

On s'attend à ce que la période de transition soit plutôt longue. Cela veut dire un minimum de 10 ans, peut-être même 15 ans, comme cela a été le cas lorsque les Espagnols et les Portugais se sont joints à l'Union européenne. Donc, cela prendrait une période de temps assez importante avant qu'ils soient en mesure de modifier leur politique agricole commune.

Dans ce contexte, on ne peut pas s'attendre à ce qu'un accord de libre-échange traditionnel soit disponible entre les Nord-américains et les Européens. D'ailleurs, quand les Américains ont commencé à discuter avec les Européens, dès que le mot libre-échange a été prononcé, les Américains ont tout de suite mis sur la table la réforme de la politique agricole commune. Donc, c'était tout de suite un obstacle majeur et important pour certains pays.

On parle toujours de la France parce que c'est le pays qui est le plus vocal sur les questions des politiques agricoles. Mais il y a aussi l'Allemagne qui tire un certain bénéfice de la politique agricole européenne telle qu'elle existe actuellement.

Le sénateur Bacon: M. Chirac a quand même parlé d'alliance transatlantique avec les Américains lors de son dernier voyage.

M. Juneau: Oui, mais pas dans le cadre du libre-échange.

Le sénateur Bacon: Pas dans ce cadre-là.

M. Juneau: Lors de notre sommet transatlantique avec la présidence française au sommet d'Halifax, M. Chirac a mentionné que tout renouvellement de la relation transatlantique se ferait avec une participation active du Canada et qu'il n'était pas question, pour lui, que des choses se fassent de façon bilatérale entre les États-Unis et l'Europe, sans que le Canada y participe.

Mais dans son esprit, c'était plutôt parler en termes de réforme des relations dans le domaine de la sécurité et de la défense. C'était, par exemple, accroître la coopération dans des secteurs comme la science et la technologie. Par exemple, nous avons signé notre accord sur la science et la technologie lors de cette rencontre transatlantique avec M. Chirac.

C'est Léon Brittan qui a signé pour la partie européenne, en dépit du fait qu'il y avait encore, à ce moment-là, certaines objections du côté de l'Union européenne à cause du problème que nous avons eu dans le domaine de la pêche. Mais le président Chirac a souhaité que cet accord soit signé pour démontrer que l'Union européenne était bien intéressée à poursuivre le développement et accroître ses relations avec le Canada.

[Traduction]

Le sénateur Stollery: Ma première question est d'ordre technique. Vous avez indiqué que nous sommes, dans de nombreux domaines, assez en avance par rapport aux Américains dans nos relations avec la Communauté européenne. Vous avez

However, you say we have an agreement on education. What does that actually mean?

Mr. Juneau: We signed an agreement a few months ago to promote exchanges between high level education centres, such as universities, in Canada and Europe. This project is financed essentially by the Department of Human Resources, and has a budget of \$1 million. We have organized seminars in Montreal, Toronto and Vancouver to promote scientific and technological agreement. We will visit the rest of the provinces to promote that education agreement. There is a very high level of interest from Canadian universities thus far.

The Chairman: Would this be an exchange of professors?

Mr. Juneau: No, the program is for students.

Senator Stollery: Regarding my second question, it is interesting that the Americans have become, at this point in their election campaign, very opposed to anything involving free trade. As you pointed out, they immediately turn to the agricultural question.

I recall the unhappiness of Germany regarding the Mexican bailout about a year and a half ago. We are discussing NAFTA and TAFTA and the European Union, not the FTA. Will the Mexican financial shenanigans have any effect on discussions of free trade? Is it a factor?

Mr. Juneau: Yes, it is a very important factor. While we have been speaking about a free trade agreement between NAFTA and the European Union, the European Union has never reacted by suggesting that they would be interested in a free trade agreement that would also involve the Mexicans. In their minds, they were always referring to the United States and Canada.

During this past presidency, there was some idea touted about negotiating a special agreement between the European Union and Mexico, an agreement which would be similar to the agreement signed between the European Union and MERCOSUR countries. There was opposition to that, because the Europeans were afraid that the Mexicans would increase their export of agricultural products. You always come back to the issue of agricultural products with the European Union, so this is not something that has been entertained in any way by the European Union.

I mentioned at the beginning that the vocabulary has changed. It is very important to remember that we were among the first to speak about free trade between Canada and the European Union. Then the Prime Minister expanded the idea to include the United States, with the NAFTA concept, and the European Union. Eventually, this idea was taken up by some other people, such as the Germans and Sir Leon Brittan, and then we were pushed aside because of the fish dispute one year ago. Now no one except us is speaking about free trade. We are still speaking about free trade because, for us, it is a long-term objective, but the vocabulary that most people are using describes the concept as basically a means to reduce tariff and non-tariff barriers.

mentionné une série d'initiatives, et j'en reconnais certaines. Cependant, vous dites que nous avons conclu un accord dans le domaine de l'éducation. De quoi s'agit-il au juste?

M. Juneau: Nous avons signé un accord il y a quelques mois pour promouvoir les échanges entre des établissements d'enseignement supérieur, comme des universités, au Canada et en Europe. Ce projet est financé essentiellement par le ministère des Ressources humaines et dispose d'un budget d'un million de dollars. Nous avons organisé des colloques à Montréal, à Toronto et à Vancouver pour promouvoir cet accord en matière d'éducation. Jusqu'à présent, les universités canadiennes se sont montrées très intéressées par cette initiative.

Le président: S'agirait-il d'un échange de professeurs?

M. Juneau: Non, il s'agit d'un programme destiné aux étudiants.

Le sénateur Stollery: En ce qui concerne ma deuxième question, il est intéressant de constater l'opposition très forte que les Américains manifestent, à cette étape de leur campagne électorale, à tout ce qui touche au libre-échange. Comme vous l'avez signalé, ils invoquent immédiatement la question agricole.

Je me souviens de la déception de l'Allemagne concernant le sauvetage du Mexique, il y a un an et demi. Nous étions en train de discuter de l'ALÉNA et de l'ALÉTA et de l'Union européenne, et non de l'ALÉ. Les manigances financières du Mexique auront-elles des répercussions sur les discussions sur le libre-échange? Est-ce que cela risque d'avoir une influence quelconque?

M. Juneau: Oui, une très grande influence. Pendant que nous discutons d'un accord de libre-échange entre l'Amérique du Nord et l'Union européenne, l'Union européenne n'a jamais laissé entendre qu'il l'intéresserait de conclure un accord de libre-échange auquel participerait également le Mexique. Dans son esprit, il s'agissait toujours d'un accord avec les États-Unis et le Canada.

Au cours de la dernière présidence, on a lancé l'idée de négocier un accord spécial entre l'Union européenne et le Mexique, qui serait analogue à celui signé entre l'Union européenne et les pays du MERCOSUR. On s'y est opposé car les Européens craignaient que les Mexicains augmentent leurs exportations de produits agricoles. On en revient toujours à la question des produits agricoles avec l'Union européenne. Ce n'est donc pas une initiative envisagée de quelque façon que ce soit par l'Union européenne.

J'ai mentionné au début que la terminologie avait changé. Il ne faut surtout pas oublier que nous avons été parmi les premiers à parler de libre-échange entre le Canada et l'Union européenne. Le premier ministre a alors voulu en élargir la portée pour y inclure les États-Unis et l'Union européenne. Cette idée a ensuite été reprise par d'autres, comme les Allemands et Sir Leon Brittan, puis a été abandonnée par suite du différend sur la pêche il y a un an. Aujourd'hui, nous sommes les seuls à parler de libre-échange. Nous continuons à parler de libre-échange parce que pour nous c'est un objectif à long terme. Cependant, d'après la terminologie utilisée par la plupart des gens, cette notion désigne essentiellement un moyen de réduire les obstacles tarifaires et non tarifaires.

Senator Stollery: And Mexico is another story?

Mr. Juneau: Yes, it is another story.

Mr. Gordon Venner, Deputy Director, European Union Division, Department of Foreign Affairs and International Trade: The Mexicans also have not expressed much an of interest, for three reasons: One is that the Mexicans already have preferential access to the European Union market, more preferential than Canada or the United States enjoys, so a NAFTA-EU agreement would mean greater competition from the United States and Canada for Mexican products in the European Union market, which might not be desirable, from Mexico's standpoint.

The second reason is that a tremendous proportion of Mexican exports to the European Union is one product, and that is oil. Over one-third of their total exports is oil, and it is already going in duty free.

The third reason is that, although European Union investment is very important to Canada, it is of much greater importance to Mexico. One of the reasons they attract investment is that they have that preferential access. For example, European auto parts manufacturers are more likely to locate in Mexico because they know they can ship the parts back to Europe over a lower duty barrier than they would from either the United States or Canada.

Senator Stollery: As you have said, vocabulary has become part of this. When we speak of TAFTA or NAFTA, we are really talking about the old FTA and the EU.

Senator Grafstein: Just to come back to the same topic, I am still not too clear in my mind about your earlier comment that there seemed to be a strategic objective by the Canadian government to pursue an agreement, in conjunction with the United States, for all the reasons that you have mentioned. However, it strikes me that it is almost the reverse of that, having in mind the political atmosphere of the United States. The Europeans would have major objections to a full-front approach by the Americans. We might have a window of opportunity here, before the Americans get their act together in the next year or two, to put ourselves in a more preferential position than we might otherwise have if we were to travel the same path with the United States. Is that a fair comment?

Mr. Juneau: Yes. What will happen is that we will go our own way with the European Union. The Americans have their document, their action plan, that has been approved by the Europeans in December. We will need our own paper, our own action plan.

The problem we have from time to time, when we discuss those issues with the European Union, is that we would be willing to do much more with the European Union than would the United States. There is sometimes hesitation on the part of the European Union to do more because they do not want to be confronted with

Le sénateur Stollery: Et le Mexique, c'est une autre histoire?

M. Juneau: Oui, c'est une autre histoire.

M. Gordon Venner, directeur adjoint, Direction de l'Union européenne, ministère des Affaires étrangères et du Commerce international: Les Mexicains n'ont pas manifesté tellement d'intérêt, pour trois raisons: la première, c'est que les Mexicains ont déjà un accès préférentiel au marché de l'Union européenne, plus marqué que celui dont jouissent le Canada ou les États-Unis. Par conséquent, la conclusion d'un accord entre l'Amérique du Nord et l'Union européenne signifierait que les produits mexicains se heurteraient à une plus grande concurrence de la part des États-Unis et du Canada sur le marché de l'Union européenne, ce que le Mexique pourrait ne pas considérer souhaitable.

La deuxième raison, c'est qu'un seul produit, le pétrole, représente une part énorme des exportations mexicaines à destination de l'Union européenne. Le pétrole représente plus d'un tiers de ses exportations totales et est déjà exporté en franchise.

La troisième raison, c'est que même si les investissements de l'Union européenne sont très importants pour le Canada, ils le sont beaucoup plus pour le Mexique. L'une des raisons pour lesquelles le Mexique attire les investissements, c'est qu'il bénéficie d'un accès préférentiel. Par exemple, les fabricants européens de pièces d'auto sont plus portés à s'installer au Mexique parce qu'ils savent qu'ils peuvent renvoyer les pièces en Europe à un tarif inférieur que s'ils le faisaient à partir des États-Unis ou du Canada.

Le sénateur Stollery: Comme vous l'avez dit, la terminologie a changé. Lorsque nous parlons de l'ALÉTA ou de l'ALÉNA, nous parlons en fait de l'ancien ALÉ et de l'Union européenne.

Le sénateur Grafstein: Pour revenir à cette même question, je ne comprends toujours pas bien votre observation précédente selon laquelle le gouvernement canadien se serait donné comme objectif stratégique d'obtenir un accord, conjointement avec les États-Unis, pour toutes les raisons que vous avez mentionnées. Or, j'ai l'impression que c'est pratiquement la situation inverse compte tenu du climat politique qui règne aux États-Unis. Les Européens auraient de vives objections à une approche de plein front par les Américains. Nous aurions peut-être l'occasion, avant que les Américains se décident d'ici un an ou deux, de bénéficier d'un régime préférentiel plus marqué que si nous emboîtons le pas aux États-Unis. Est-ce une observation valable?

M. Juneau: Oui. Nous nous trouverons à faire nos propres démarches auprès de l'Union européenne. Les Américains ont leur document, leur plan d'action, qui a été approuvé par les Européens en décembre. Il nous faudra notre propre document, notre propre plan d'action.

Le problème auquel nous nous heurtons parfois, lorsque nous discutons de ces questions avec l'Union européenne, c'est que nous serions disposés à en faire beaucoup plus avec l'Union européenne que les États-Unis. Parfois, l'Union européenne hésite à en faire plus parce qu'elle ne veut pas se voir obligée d'accorder

having to extend to the United States the same kind of cooperation that they will have with Canada.

In the economic field, for example, some European countries have told us from time to time that they would be quite happy to have a free trade agreement with Canada. It would be relatively easy to negotiate. However, the fact is that this agreement would need to be compatible with our NAFTA obligations, and on that particular score we may be able to achieve our objective more quickly by concentrating on the WTO, rather than by following that bilateral route with the European Union, which may not allow us to go as far as we would like because there is that United States dimension.

That is a fair question, senator. We are proposing to the European Union a series of objectives which, in many respects — for example, on the economic front — are quite interesting and quite advanced, but we must wait and see what the Europeans will propose to us.

I mentioned a working document that we have prepared with Germany. We have distributed that document to each European country, but we are just at the first step of what the European Union will wish to do with us. They have requested authorization to proceed with an action plan for us. Sir Leon Brittan will be here on March 18. The proposal to negotiate an action plan with Canada is apparently to be reviewed by the European Council of Ministers around March 26. In theory, it is possible that the European Council of Ministers will decide that they do not want to proceed with that kind of negotiation with Canada at this point in time. However, I would be very surprised if such were the case, because then Leon Brittan would not be here on March 18. He is coming here just to present that proposal.

We will be discussing enhanced cooperation in four sectors: The first pillar is economic cooperation which, by the way, is the responsibility of the European Commission. The second pillar is defence and foreign policy. The third pillar is justice and home affairs. These two pillars refer to issues that are governed by intergovernmental cooperation, in the sense that the European Commission as such does not have any specific role with regard to them.

Then there is a fourth pillar, dealing with more global affairs. We will be discussing developing more systematic contact between business people and between young people. We are even considering the idea of promoting more regular contact between legislators of Europe and Canada.

Senator Grafstein: I want to focus on the economic and trade relationships, as well as investment relationships. Defence, justice and the others have much more complex dimensions, while our focus is much more on trade and investment. I gather from what you are saying that there are two concerns: One, if we had our own agenda, we would try to establish a similar agreement with Europe, as Mexico did, based on those parameters, but what is perhaps holding us back are the Europeans, on the one hand, and covering our backside from our American colleagues, on the other. The Americans would view

aux États-Unis le même type de coopération qu'elle a établie avec le Canada.

Dans le domaine économique, par exemple, certains pays européens nous ont dit de temps à autre qu'ils seraient tout à fait heureux d'avoir un accord de libre-échange avec le Canada. Ce serait un accord relativement facile à négocier. Cependant, il faudrait que cet accord soit compatible avec nos obligations dans le cadre de l'ALÉNA, et sur cet aspect en particulier, nous serions en mesure d'atteindre notre objectif plus rapidement par le biais de l'OMC, plutôt qu'en optant pour un accord bilatéral avec l'Union européenne, qui risque de ne pas nous permettre d'aller aussi loin que nous le voulions à cause de la question des États-Unis.

C'est une question valable, sénateur. Nous sommes en train de proposer à l'Union européenne une série d'objectifs qui, à bien des égards — par exemple, sur le plan économique — sont très intéressants et assez avancés, mais nous devons attendre de voir ce que les Européens nous proposeront.

J'ai parlé d'un document de travail que nous avons préparé en collaboration avec l'Allemagne. Nous avons distribué ce document à chaque pays européen, mais nous n'en sommes qu'à la première étape, c'est-à-dire connaître l'intention de l'Union européenne à notre égard. Elle a demandé l'autorisation d'établir un plan d'action pour nous. Sir Leon Brittan sera ici le 18 mars. Il semble que la proposition de négocier un plan d'action avec le Canada sera examinée par le Conseil européen des ministres aux alentours du 26 mars. Il est possible théoriquement que le Conseil européen des ministres décide de ne pas entreprendre ce genre de négociations avec le Canada à ce stade. Cela m'étonnerait toutefois beaucoup car si c'était le cas, Leon Brittan ne viendrait pas ici le 18 mars. Il vient ici uniquement pour présenter cette proposition.

Nous discuterons d'une coopération accrue dans quatre secteurs: le premier pilier est celui de la coopération économique, domaine qui relève d'ailleurs de la Commission européenne. Le deuxième pilier est celui de la défense et de la politique étrangère. Le troisième pilier est celui de la justice et des affaires intérieures. Ces deux piliers portent sur des questions régies par la coopération intergouvernementale, en ce sens que la Commission européenne n'a pas à proprement parler de rôle précis dans ces domaines.

Puis, il y a un quatrième pilier axé surtout sur les affaires internationales. Nous y discuterons du développement de contacts plus systématiques entre les gens d'affaires et entre les jeunes. Nous sommes même en train d'envisager de favoriser des contacts plus réguliers entre les législateurs de l'Europe et du Canada.

Le sénateur Grafstein: J'aimerais mettre l'accent sur les liens économiques et commerciaux ainsi que sur les liens d'investissement. La défense, la justice et les autres domaines comportent des aspects beaucoup plus complexes, tandis que les domaines qui nous intéressent surtout sont le commerce et l'investissement. Je déduis deux choses de ce que vous venez de dire: premièrement, si nous avions notre propre programme, nous pourrions tâcher d'établir un accord semblable avec l'Europe, comme l'a fait le Mexique, en fonction de ces paramètres. Cependant, ce qui nous retient peut-être, ce sont les Européens d'une part et la nécessité

that as a small problem if the shoe were on the other foot. They would call that harmonization and work something out, even though it would be a contrary issue. We seem to be more concerned about that.

At this moment in the United States, there are three different views in the power structure that, to my mind, invite us to move very quickly on our action plan to develop a strong bilateral relationship with the EU. There is a division in Congress; a division between Congress and the presidency, and a division between the presidency, Congress and the bureaucracy as it applies to free trade initiatives or trade liberalization initiatives. That situation will not be unclogged for the better part of two years. The agenda is that the next president will sit there. He comes in next January. It will take him six months to find his desk. Nothing will happen on that front for the better part of two years. Meanwhile, the Europeans are anxious to move ahead.

The Chairman: Are you ruling out Mr. Clinton?

Senator Grafstein: This is merely my reading of the issues, Mr. Chairman. My sense from our side is that we are not taking advantage of this unique opportunity to move as quickly and as skilfully as possible, and say to the U.S. State Department, "You people know that you cannot move, but we can, so let us move quickly." We should also assure the State Department that we will do everything to be the door opener and the nutcracker, and nothing that is incompatible with our NAFTA relationship. Why is that not our strategy?

Mr. Juneau: The question you ask is very important. It was our strategy at the beginning, but eventually our strategy changed for three reasons: First, there was the turbot war, whether we liked it or not. It still produces some effects from time to time. Second, the American views on so-called "free trade" change quickly and dramatically, to the point that if you mention the phrase "free trade" these days in Washington, you become automatically radioactive.

Senator Grafstein: Or liberal.

Mr. Juneau: Yes. In Europe, as well, the support for free trade has not increased. On the one hand, in Europe you might visit countries that, in the majority, are more in support of free trade, such as Great Britain and Germany. In France, however, you will see the other side of the spectrum. As well, smaller countries such as Greece or the Benelux countries are more careful. They do not understand yet what will be the real impact of the expansion of the European Union towards Central and Eastern Europe. As long as they do not have a good understanding of what these implications will be, they will be hesitant to embark upon a chapter of free trade negotiations with major North American countries. There is still the feeling — and that is a feeling you will sense strongly in France — that they will have

de nous protéger de nos collègues américains, d'autre part. Ce serait un problème mineur pour les Américains si la situation était inversée. Ils parleraient d'harmonisation et trouveraient une solution quelconque, même au risque qu'elle déplaie. C'est un aspect dont nous semblons nous soucier davantage.

À l'heure actuelle aux États-Unis, il existe trois opinions différentes au sein de la structure du pouvoir qui, à mon avis, devraient nous inciter à donner suite très rapidement à notre plan d'action en vue d'établir des liens bilatéraux solides avec l'Union européenne. Il y a une division au sein du Congrès, une division entre le Congrès et la présidence, et une division entre la présidence, le Congrès et la bureaucratie à propos des initiatives de libre-échange ou de libéralisation du commerce. Il faudra au moins deux ans avant qu'ils arrivent à se sortir de cette situation. Selon le programme prévu, le prochain président entrera en fonction en janvier prochain. Il faudra compter six mois avant qu'il se familiarise avec ses dossiers. Il ne se passera rien à cet égard pendant au moins deux ans. Entre-temps, les Européens sont impatients de voir les choses progresser.

Le président: Êtes-vous en train d'exclure M. Clinton?

Le sénateur Grafstein: C'est simplement mon interprétation de la question, monsieur le président. Mon impression, de ce côté-ci, c'est que nous ne profitons pas de cette occasion unique d'agir aussi rapidement et adroitement que possible et de dire au département d'État américain: «Vous savez qu'il vous est impossible d'agir, mais nous le pouvons. Par conséquent, agissons rapidement.» Nous devrions également assurer le département d'État que nous ferons de notre mieux pour préparer le terrain et que nous ne prendrons aucune mesure incompatible avec nos obligations dans le cadre de l'ALÉNA. Pourquoi n'adoptons-nous pas cette stratégie?

M. Juneau: La question que vous posez est très importante. C'était la stratégie que nous avions adoptée au départ mais nous avons dû la modifier pour trois raisons: premièrement, il y a eu le différend à propos de la pêche au flétan noir, que nous le voulions ou non, dont les répercussions se font encore sentir parfois. Deuxièmement, l'opinion des Américains au sujet du soi-disant «libre-échange» change tellement rapidement qu'il suffit d'utiliser l'expression «libre-échange» ces jours-ci à Washington pour être considéré comme un pestiféré.

Le sénateur Grafstein: Ou un libéral.

M. Juneau: Oui. En Europe, d'ailleurs, l'appui en faveur du libre-échange n'a pas augmenté. Il existe certains pays d'Europe qui dans l'ensemble sont davantage partisans du libre-échange, comme la Grande-Bretagne et l'Allemagne. En France, toutefois, c'est l'inverse. Par ailleurs, des pays plus petits comme la Grèce ou les pays du Benelux sont plus prudents. Ils ignorent encore quelles seront les véritables répercussions de l'élargissement de l'Union européenne aux pays de l'Europe centrale et de l'Europe de l'Est. Tant qu'ils n'en connaîtront pas les répercussions exactes, ils hésiteront à se lancer dans une succession de négociations de libre-échange avec les principaux pays de l'Amérique du Nord. Ils ont encore l'impression — et c'est une impression que l'on ressent très fort en France — qu'ils devront

to absorb the shock of the WTO agreement before launching something massive again.

We have been as active as we could be, bearing in mind the circumstances that we were facing. For example, it is not by chance that the Prime Minister raised the idea officially in Europe when he was in France. With respect to free trade, we knew that France was the most difficult country to convince. At this point in time, if the European Union does not want to move on the idea of free trade negotiations and if the Americans do not want to hear about free trade, I would welcome any advice that you would have, senator, about how we should approach this matter. As we say in French, it takes two to tango.

Mr. Venner: One of the other things we must take into account is how much leverage we would have negotiating on our own with the Europeans as opposed to how much we would have negotiating in conjunction with the United States. Obviously, as a unified block, we would have a lot more leverage.

In negotiating free trade with the United States and in negotiating with Europe, in both cases you are dealing with a partner that is 10 times bigger than Canada. The difference is that in negotiating with the United States, we are their most important trading partner. On the other hand, we account for less than 1 per cent of European Union exports. That does not give us much leverage when we negotiate trading matters.

Senator MacEachen: Having listened to what has been said, I can understand the validity of the comment made by our chief witness that our principal preoccupation ought to be the World Trade Organization, because the prospect of any active results between the United States, Canada and the EU is minimal in arranging an agreement to liberalize further trade. What I gathered from Mr. Juneau was that if Canada and the EU achieved, or were able to have, an agreement despite the obstacles or difficulties, the gains for Canada would be modest in terms of economic growth. This brings to mind the multilateral approach. Why not go for that as our main highway to the future?

This committee has had good experience in dealing with the trade world. We examined the free trade agreement with the United States. Then we examined the NAFTA agreement. Then we examined the World Trade Organization agreement. At the time the FTA was put forward, there was an element that argued in favour of the multilateral approach rather than a regional approach. When we dealt with the WTO, the witnesses told us that, in terms of tariff reduction, Canada would have gained just as much from the WTO as from the FTA. It seems to me to be a good strategy, but maybe not the only one.

I take it that in any new negotiations with the EU, Canada could be more generous with the EU than the basic provisions of the WTO. I take it also that we could be more generous if we wished with the EU than we have been with the U.S. and Mexico in those trade agreements. In other words, is it a fact that there are

d'abord absorber le choc de l'Accord de l'OMC avant de se lancer dans une autre entreprise de taille.

Nous avons fait tout ce que nous pouvions, dans les circonstances. Par exemple, ce n'est pas un hasard si le premier ministre en a mentionné l'idée officiellement en Europe, lors de son passage en France. En ce qui concerne le libre-échange, nous savions que la France était le pays le plus difficile à convaincre. À ce stade-ci, comme l'éventualité de négociations de libre-échange ne soulève pas l'enthousiasme au sein de l'Union européenne et comme les Américains ne veulent même pas en entendre, je serai ravi, sénateur, d'entendre les conseils que vous pourriez me donner quant à la façon dont nous devrions nous y prendre. Comme on dit, il faut être deux pour négocier.

M. Venner: Il faut aussi se demander, entre autres, quel pouvoir de négociation nous aurions si nous négocions seuls avec les Européens par opposition à des négociations menées de concert avec les États-Unis. De toute évidence, nous aurions beaucoup plus de pouvoir en tant que bloc.

Que nous négocions le libre-échange avec les États-Unis ou avec l'Europe, dans un cas comme dans l'autre, nous cherchons à conclure un accord avec un partenaire dix fois plus important que nous. Dans nos négociations avec les États-Unis, nous avons l'avantage d'être leur plus important partenaire commercial, alors que nous absorbons moins de 1 p. 100 des exportations de l'Union européenne. Cela ne nous donne pas un très grand pouvoir de négociation en matière commerciale.

Le sénateur MacEachen: Après avoir entendu tout cela, je peux comprendre pourquoi notre principal témoin a dit que nous devrions nous intéresser avant tout à l'Organisation mondiale du commerce. En effet, il ne faudrait pas fonder trop d'espoir sur l'obtention de résultats concrets dans des négociations entre les États-Unis, le Canada et l'Union européenne. De ce que M. Juneau a dit, je conclus que, si le Canada et l'Union européenne passaient un accord ou étaient capables de le faire en dépit des obstacles ou des difficultés, les gains, pour le Canada, seraient modestes en termes de croissance économique. Le Canada aurait donc avantage à envisager l'approche multilatérale. Pourquoi ne pas en faire notre voie d'avenir?

Le comité possède une bonne expérience en matière de commerce. Nous avons étudié l'Accord de libre-échange passé avec les États-Unis. Puis, nous avons étudié l'ALÉNA. Ensuite, nous nous sommes penchés sur l'accord instituant l'Organisation mondiale du commerce. L'examen de l'Accord de libre-échange a fait ressortir un élément en faveur de l'approche multilatérale, de préférence à l'approche régionale. Quand nous avons étudié l'Organisation mondiale du commerce, les témoins nous ont dit que le Canada aurait obtenu autant de réductions tarifaires dans le cadre de l'Organisation mondiale du commerce que dans le cadre de l'Accord de libre-échange. La stratégie me semble bonne, mais ce n'est peut-être pas la seule.

Je suppose que, dans le cadre de toute nouvelle négociation amorcée avec l'Union européenne, le Canada pourrait bonifier les modalités de base de l'Organisation mondiale du commerce. Je tiens pour acquis, également, que nous pourrions nous montrer plus généreux à l'égard de l'Union européenne, si nous le

no constraints on us in negotiating with the EU arising from our obligations under the FTA and the NAFTA? Is our hand as free as it would be if we did not have these agreements?

As a member of the committee, looking at it realistically based on your testimony, we have very thin pickings in supporting anything concrete in this business. We are assured that the Germans are working with us, and that is important when looking to the future, but there are not many immediate objectives we can support. We would have sympathy in the U.K. and sympathy in Germany, working together, yes, but nothing concrete as to the future. Am I right?

Mr. Juneau: Senator, we will distribute documents which basically present the proposal for the renewal of trans-Atlantic relations, as well as the communication issued by the European Union on the idea of an action plan with Canada. You will see in those documents that, while the economic dimension is your main point of interest in this exercise, there are three other sectors which are extremely important for us, and that is why I mentioned the foreign and security policies and global issues. The economic dimension is now one of four major objectives that we are pursuing with the European Union. In that sense, when you visit Great Britain, France, Germany and Brussels, you at least will have in mind the basic objectives being pursued by the European Union and by Canada.

How free are we in negotiating with the European Union? You know better than I, senator, that we are never very free because we have other obligations. We have our GATT obligations which are now the WTO obligations. As I mentioned earlier, we also have our NAFTA obligations. Therefore, we cannot negotiate with the European Union something that would not be in line with our other international obligations.

Senator MacEachen: Do we give benefits to the European Union that we have not given in the World Trade Organization to other countries?

Mr. Juneau: Investment.

Senator MacEachen: Just investment?

Mr. Juneau: It is one. I mention that because it is easy to identify, and, if we forget about the United States, it is clearly, our main advantage in our relationship with Europe, as compared to our relationships with the other areas in the world. The Europeans are major investors here, and they are good investors.

voulions, que nous ne l'avons fait avec les États-Unis et le Mexique, dans ces accords commerciaux. En d'autres mots, est-il vrai que nos obligations en vertu de l'Accord de libre-échange et de l'ALÉNA ne nous limitent pas dans nos négociations avec l'Union européenne? Sommes-nous aussi libres d'agir que si ces accords n'existaient pas?

En tant que membre du comité, si j'étudie la situation en termes réalistes, selon votre témoignage, nous aurions les pieds bien fragiles dans de telles négociations. On nous assure que l'appui des Allemands nous est acquis, et le fait a son importance pour l'avenir, mais il n'existe pas beaucoup d'objectifs immédiats que nous pouvons appuyer. Le Royaume-Uni et l'Allemagne seraient sympathiques à notre position, effectivement, mais cela ne nous donne rien de concret pour l'avenir. Ai-je raison?

M. Juneau: Sénateur, nous vous distribuerons des documents qui, essentiellement, décrivent la proposition de renouvellement des relations transatlantiques et font état de la communication émanant de l'Union européenne concernant l'idée d'un plan d'action concertée avec le Canada. Vous pourrez y lire que, bien que la dimension économique soit la préoccupation première dans cet exercice, il existe trois autres secteurs d'une très grande importance pour nous; c'est d'ailleurs pourquoi j'ai parlé de politique étrangère, de sécurité et de défis mondiaux. La dimension économique est maintenant l'un des quatre grands objectifs poursuivis de concert avec l'Union européenne. En ce sens, lorsque vous visiterez la Grande-Bretagne, la France, l'Allemagne et Bruxelles, vous connaîtrez au moins les objectifs fondamentaux visés par l'Union européenne et par le Canada.

À quel point sommes-nous libres de négocier à notre guise avec l'Union européenne? Vous savez mieux que moi, sénateur, que nous n'aurons jamais les coudées franches parce que nous avons d'autres obligations. Nous devons respecter les obligations que nous avons contractées dans le cadre du GATT, maintenant transposées dans l'accord instituant l'Organisation mondiale du commerce. Comme je l'ai mentionné plus tôt, il ne faut pas oublier, non plus, nos obligations dans le cadre de l'ALÉNA. Par conséquent, nous ne pouvons négocier avec l'Union européenne un accord qui ne cadrerait pas avec nos autres obligations internationales.

Le sénateur MacEachen: Consentons-nous, dans un accord avec l'Union européenne, des avantages que nous n'avons pas conférés à d'autres pays, dans le cadre de l'Organisation mondiale du commerce?

M. Juneau: Oui, en matière d'investissement.

Le sénateur MacEachen: Seulement en matière d'investissement?

M. Juneau: C'est l'un des secteurs. Je le mentionne parce qu'il est le plus évident et que, si nous oublions les États-Unis, il est clairement notre principal avantage dans nos relations avec l'Europe, par rapport à d'autres régions du monde. Les Européens sont d'importants investisseurs ici, et ce sont de bons investisseurs.

In terms of trade increases, our volume of trade in manufactured products is higher in Europe than in the other areas of the world, with the exception of the United States. We speak very much about science and technological cooperation in that field. We never speak about the United States when we do our work in the European branch because it cannot be a valid point of reference for us.

We look at Europe as representing a group of countries we understand. We speak their language, they speak our language, and there is much interest on the part of the Canadian private sector to promote exchanges with that part of the world. We are not pursuing at this point a free trade agreement with the European Union. We are looking at ways to further reduce the tariff and non-tariff barriers that affect our relationship.

Senator MacEachen: Just to build on that, if we were in a negotiation with the EU on access and if we said we will give better access to their products in the expectation that investment would flow and so on, would we be obligated to give the same access to our other partners in the WTO?

Mr. Venner: The answer is "no", provided the overall agreement is consistent with article 24 of the GATT. For the same reason, we are not obligated to extend the benefits that we give to the United States to all of our other trading partners. Article 24 of the GATT requires that a free trade agreement, to be compatible with the GATT, must cover substantially all of the trade in the trading relationship. That test is a little subjective, but if you meet it, you can extend concessions to a trading partner that you do not have to give to other trading partners.

Senator MacEachen: That would apply to Mexico and other partners in the WTO and the U.S.

Mr. Venner: It applies to all members. Any free trade agreement that takes place between members of the WTO would be covered by that provision. However, there are also provisions that allow for developing countries to receive preferential access, which allow for the Mexico-EU arrangements to which I referred earlier.

Senator MacEachen: We are not trying to negotiate a free trade agreement. Article 24 would apply only if there were a free trade agreement.

Mr. Venner: For it to be a free trade agreement, it would have to be consistent with article 24.

Senator MacEachen: That means the liberalization is general and covers a wide array of products; right?

Mr. Venner: That is right. You cannot pick and choose. You cannot say, "We will let your textiles in but not other things." You pretty much have to remove tariffs across the board for everything.

Pour ce qui est d'accroître le commerce, nos échanges avec l'Europe de produits manufacturés sont plus élevés que dans toute autre région du monde, exception faite des États-Unis. Il est beaucoup question de coopération scientifique et technologique dans ce domaine. Les États-Unis n'entrent jamais en ligne de compte, dans notre travail au sein de la Division de l'Union européenne, parce qu'ils ne représentent pas, pour nous, un point de référence.

L'Europe est un groupe de pays que nous comprenons. Nous parlons leur langue, ils parlent la nôtre, et l'entreprise privée canadienne s'intéresse beaucoup à la promotion d'échanges avec cette partie du monde. En ce moment, nous ne sommes pas en train de négocier un accord de libre-échange avec l'Union européenne. Nous examinons plutôt les moyens de réduire davantage les barrières tarifaires et non tarifaires qui affectent nos relations.

Le sénateur MacEachen: Pour ajouter à ce que vous avez dit, si nous étions en train de négocier avec l'Union européenne l'ouverture de ses marchés à nos produits et si nous promettions d'élargir l'accès aux nôtres afin d'accroître l'investissement ici et ainsi de suite, serions-nous obligés d'accorder le même accès à nos autres partenaires de l'Organisation mondiale du commerce?

M. Venner: Je vous répondrai par la négative, à condition que l'accord global respecte l'article 24 du GATT. Pour la même raison, nous ne sommes pas obligés d'accorder à tous nos autres partenaires commerciaux les avantages que nous consentons aux États-Unis. L'article 24 du GATT exige, pour qu'il soit compatible avec le GATT, que tout autre accord de libre-échange s'applique à presque tout ce qui est échangé entre les deux pays. Ce critère est un peu subjectif. Cependant, si vous y satisfaites, vous pourrez consentir à un partenaire commercial des privilèges que vous n'êtes pas obligé de consentir à vos autres partenaires commerciaux.

Le sénateur MacEachen: Cette disposition s'appliquerait au Mexique et aux autres partenaires de l'Organisation mondiale du commerce, ainsi qu'aux États-Unis?

M. Venner: Elle s'applique à tous les membres. Tout accord de libre-échange passé entre membres de l'Organisation mondiale du commerce serait visé. Cependant, des dispositions permettent aussi aux pays en voie de développement de jouir d'un accès privilégié, d'où les arrangements que j'ai mentionnés plus tôt pris entre le Mexique et l'Union européenne.

Le sénateur MacEachen: Nous n'essayons pas de négocier un accord de libre-échange. L'article 24 s'appliquerait uniquement s'il y avait accord de libre-échange.

M. Venner: Pour que ce soit un accord de libre-échange, il faudrait qu'il respecte les dispositions de l'article 24.

Le sénateur MacEachen: Il faudrait qu'il prévoit une libéralisation générale et s'applique à une très vaste gamme de produits, n'est-ce pas?

M. Venner: C'est exact. On ne peut libéraliser seulement certains échanges. On ne peut dire: «Vos textiles entreront en franchise, mais pas les autres marchandises». On est plus ou moins obligé d'abolir les tarifs sur tout.

Senator MacEachen: To do that with the Europeans is out now, is it not?

Mr. Venner: It would be extremely difficult to envision an agreement in which the European Union would allow duty-free access to all agricultural products.

Senator MacEachen: I am trying to understand the strategy. Mr. Juneau said we are not trying to get a free trade agreement with the Europeans now.

Mr. Venner: I think Mr. Juneau was trying to distinguish between our short-term objectives and our long-term objectives. The government has made very clear that, in the long term, we have an interest in trans-Atlantic free trade, but the document that was just circulated does not require that there be an agreement by June that would be signed at the G-7 summit.

Senator MacEachen: Does the document call for a reduction in tariffs on certain products?

Mr. Venner: The document proposes a study that would examine whether that is feasible.

Senator MacEachen: What line should we be taking in Europe on this subject?

Mr. Juneau: The free trade agreement is the long-term objective that we are pursuing. The fact of life now is that, within the next four months, we will be negotiating a political declaration and an action plan with the European Union. In that context, they do not want to speak with us about a free trade agreement. The free trade agreement is the long-term objective, and neither the Europeans nor the Americans want to speak about it.

During your trip, you can say that the objective of the Canadian government is still to eventually negotiate a free trade agreement between North America and the European Union, but the way things are going it is quite possible that there will be quicker liberalization through the WTO than through that kind of bilateral instrument if the Europeans are not willing to move on a free trade agreement before they have enlarged the European Union to the new countries of central and Eastern Europe. The transition phase may be between 10 and 15 years, or in some cases perhaps even longer. The objective is there, but, in the short term, it does not seem to be available to us.

Senator MacEachen: You make a good point about the increased investment accruing to Canada as a result of Canada's current access to the U.S. market. I understand the most encouraging part is the investment picture, being European investment in Canada. We do not need to do anything further to sell that. That exists now.

Mr. Juneau: At one point we were suggesting that we would like to participate in a study with the United States and the European Union, a trilateral study to find the best means to enhance further trade liberalization between North America and the European Union. At this point in time, we have not achieved the objective of participating in that study. I do not expect that

Le sénateur MacEachen: Un tel accord avec les Européens est exclu actuellement, n'est-ce pas?

M. Venner: Il serait extrêmement difficile d'envisager la possibilité d'un accord dans le cadre duquel l'Union européenne permettrait l'entrée en franchise de tous les produits agricoles.

Le sénateur MacEachen: J'essaie de comprendre la stratégie. M. Juneau a dit que nous n'essayons pas, pour l'instant, de conclure un accord de libre-échange avec les Européens.

M. Venner: Je crois que M. Juneau essayait de faire une distinction entre nos objectifs à court terme et nos objectifs à long terme. Le gouvernement a bien précisé qu'à long terme, nous avons tout à gagner d'un accord de libre-échange transatlantique. Cependant, le document que l'on vient de faire circuler n'exige pas la passation, d'ici juin, d'un accord qui serait signé au sommet du G-7.

Le sénateur MacEachen: Le document prévoit-il une réduction des tarifs prélevés sur certains produits?

M. Venner: Il propose une étude pour voir si c'est réalisable.

Le sénateur MacEachen: Quelle position faudrait-il adopter en Europe, à cet égard?

M. Juneau: L'objectif à long terme poursuivi est un accord de libre-échange. Nous nous contenterons, au cours des quatre prochains mois, de négocier une déclaration politique et un plan d'action commun avec l'Union européenne. Dans ce contexte, les Européens refusent de discuter avec nous de libre-échange. L'accord de libre-échange est un objectif à long terme dont ni les Européens, ni les Américains ne veulent entendre parler.

Durant votre voyage, vous pourrez dire que l'objectif du gouvernement canadien demeure la négociation éventuelle d'un accord de libre-échange entre l'Amérique du Nord et l'Union européenne. Cependant, dans l'état actuel des choses, il est fort possible que la libéralisation plus poussée des échanges passe par l'Organisation mondiale du commerce plutôt que par un accord bilatéral, si les Européens ne sont pas disposés à négocier un accord de libre-échange avant d'avoir élargi l'Union européenne pour y inclure de nouveaux membres d'Europe centrale et d'Europe de l'Est. La phase de transition pourrait être de dix à 15 années, voire davantage, parfois. L'objectif demeure mais, à court terme, il ne semble pas réalisable.

Le sénateur MacEachen: Vous faites valoir un très bon point lorsque vous parlez d'investissement accru au Canada résultant de l'accès actuel du Canada au marché américain. Je comprends que la partie la plus encourageante soit le tableau des investissements, c'est-à-dire des investissements européens au Canada. Nous n'avons besoin de rien de plus pour vendre cette idée. Cet avantage est concret.

M. Juneau: À un moment donné, nous laissions entendre que nous aimerions participer à une étude menée de concert avec les États-Unis et l'Union européenne, soit à une étude trilatérale en vue de trouver le meilleur moyen d'accroître la libéralisation du commerce entre l'Amérique du Nord et l'Union européenne. Pour l'instant, pareille étude est exclue. Je ne m'attends pas que sir

Sir Leon Brittan, when he is here, will tell us that they are happy to do it à trois. I think he will tell us they are willing to participate in a study with us, as they are doing with the Americans, so there would be two parallel studies.

As far as I can see, one reason they do not want to trilateralize this study is that they are afraid of us. We have been too outspoken with the objective of trade liberalization. They do not want to hear about that in the United States. In the European Union, there are still major disagreements about it.

We will participate in that study. We would prefer to do it trilaterally, but we will do it bilaterally. We are convinced that, eventually, the studies must merge because of the nature of the North American economy and the nature of our economic relationship with the Americans. Obviously, we will discuss the study with our American friends, too.

As long as that study is not cancelled, I cannot tell you specifically the means which will be employed by us to ensure that we move forward towards reaching that objective of further liberalization of trade between North America and Canada and the European Union and, in the short term, the means to reduce further tariff and non-tariff barriers.

I mentioned early in my presentation, senators, that we were playing with the vocabulary. We have had to adjust our vocabulary to the political reality which surrounds us in Europe and in the United States.

Senator MacEachen: It is an interesting and useful approach for Canada to talk about a free trade agreement with the European Union because, in the long run, it establishes our continuing interest in Europe and the European Union. It shows that we are prepared to engage when they are ready to accept us.

Mr. Juneau: Yes.

Senator MacEachen: That is a political statement. I suppose the studies between Canada and the EU and between the EU and the United States are also political statements, more than they are necessities for examining the tariff schedules, and so on. Surely we have done all of that work in connection with the WTO. We must have assessed and evaluated so much that it would be a question of reassembly, would it not?

Mr. Juneau: That depends on the objectives of the commission which will be announced when the study is announced. Our first idea was to have a trilateral study on free trade between North America and the European Union. This idea was not accepted. They went ahead with their study with the United States and then the expression "free trade" disappeared completely. You mentioned TAFTA. These expressions that we were reading in the press a few months ago have disappeared completely from the vocabulary of the European Union, the European Commission and the Americans.

Leon Brittan, lorsqu'il sera ici, nous annonce qu'ils seraient heureux de le faire à trois. Au contraire, il nous dira, selon moi, qu'ils sont disposés à participer à une étude de concert avec nous, comme ils le font avec les Américains. Il y aurait donc deux études parallèles.

L'une des raisons pour lesquelles ils ne veulent pas mener une étude trilatérale avec nous, c'est qu'ils nous craignent. Nous avons avoué trop franchement notre objectif de libéralisation du commerce. On ne veut pas en entendre parler aux États-Unis. Au sein de l'Union européenne, il y a encore beaucoup de dissidence à ce sujet.

Nous prendrons part à l'étude. Nous préférierions qu'il s'agisse d'une étude trilatérale, mais nous participerons tout de même à une étude bilatérale. Nous sommes convaincus que, tôt ou tard, il faudra que les études convergent, en raison de la nature de l'économie nord-américaine et de la nature de nos rapports économiques avec les Américains. De toute évidence, nous en discuterons également avec nos amis américains.

Tant que cette étude n'est pas annulée, je ne puis vous préciser par quel moyen nous ferons progresser la réalisation de notre objectif, qui est une libéralisation accrue du commerce entre l'Amérique du Nord, le Canada et l'Union européenne, et, à court terme, les moyens adoptés pour réduire davantage les barrières tarifaires et autres.

J'ai mentionné plus tôt, dans mon exposé, que nous jouions avec les mots. Nous avons dû adapter notre vocabulaire au paysage politique de l'Europe et des États-Unis.

Le sénateur MacEachen: L'idée de parler de libre-échange avec l'Union européenne est utile et intéressante car, à long terme, elle fait état de notre intérêt soutenu pour l'Europe et pour l'Union européenne. Elle manifeste notre éventuelle ouverture quand, eux, seront prêts à négocier.

M. Juneau: Oui.

Le sénateur MacEachen: C'est un énoncé politique. Je suppose que des études menées de concert par le Canada et l'Union européenne, d'une part, et par l'Union européenne et les États-Unis, d'autre part, sont aussi plus des énoncés politiques que des conditions préalables à l'examen des listes tarifaires, et ainsi de suite. Assurément, tout ce travail a déjà été fait en rapport avec l'Organisation mondiale du commerce. Nous avons dû faire l'objet de tant d'évaluations qu'il suffirait de tout colliger, non?

M. Juneau: Tout dépend des objectifs de la commission qui seront annoncés en même temps que l'étude. Notre première proposition était de faire une étude trilatérale du libre-échange entre l'Amérique du Nord et l'Union européenne. Cette idée a été rejetée. Les Européens ont décidé d'aller de l'avant en effectuant une étude avec les États-Unis. C'est alors que l'expression «libre-échange» a complètement disparu du paysage. Vous avez mentionné l'ALÉTA. Ces expressions, que nous retrouvons couramment dans la presse il y a quelques mois seulement, ont complètement disparu du vocabulaire de l'Union européenne, de la Commission européenne et des Américains.

To repeat, the study will have as its objective to find a means to increase European investments here. This is not necessarily something which has been covered completely by the studies we may have held on enhancing trade liberalization through the WTO.

We must wait. We did not have a formal reaction from the European Union before this document was issued in Europe last week. We never had any kind of formal reaction from the Europeans to our various proposals to enhance the trade and economic relationship between Canada and the European Union. On that score, we are all looking forward to the visit of Sir Leon Brittan. We hope to reach agreement quickly on how to progress in that respect.

To repeat another point here, I understand that your priority interest is in relation to the trade and economic relationship. However, the action plan which we will be discussing with the European Union and European Commission is much more broad.

Senator MacEachen: It is interesting too that "free trade" has become an unacceptable political expression in the United States and within the European Union. There are reasons for that which may eventually reach Canada.

The Chairman: We will be meeting in Europe with officers of various Canadian companies doing business over there. Are there particular changes in European tariffs or policies with regard to investment that these Canadians are likely to speak to us about? What can you tell us in advance? What can you predict for us in this area?

Mr. Venner: The only issues that come to mind, senator, are the pending European proposals for legislation on protection of data and protection of privacy. Those proposals are causing some concern in the financial services industries.

As a means of trying to protect the dissemination of personal data which is being collected by companies and by financial institutions in Europe, the European Union is proposing legislation which, although now in the early stages, could have the effect of making it very difficult for financial institutions to exchange information across the Atlantic. That may be of some concern to Canadian financial institutions, if you are meeting with any of them.

The Chairman: What about tariffs? What about aluminium, for example? Are we happy with the entry threshold there?

Mr. Venner: There were certain things for which we tried to get lower duties in the Uruguay Round negotiations. There were some notable cases where we did not succeed, such as aluminium, processed fisheries products, and some value-added forestry products. We discussed some select high technology goods but that issue also involved certain government procurement practices. You might hear complaints about that. However, the Uruguay Round just recently having been completed, most

Je répète donc à nouveau que l'étude continuera d'avoir pour objectif de trouver les moyens d'accroître l'investissement européen ici. Cette question n'a pas forcément été examinée à fond dans les études que nous pourrions avoir effectuées en vue d'une libéralisation accrue des échanges au sein de l'Organisation mondiale du commerce.

Nous devons être patients. L'Union européenne ne nous avait pas fait part de sa réaction officielle jusqu'à la publication de ce document en Europe, la semaine dernière. Les Européens ne nous ont jamais communiqué officiellement leur réaction à nos diverses propositions visant à intensifier les liens commerciaux et économiques entre le Canada et l'Union européenne. À cet égard, nous attendons tous, avec impatience, la visite de sir Leon Brittan. Nous espérons pouvoir en arriver à un accord rapidement sur la façon de faire avancer le dossier.

Au risque de me répéter encore une fois, je comprends que vous vous intéressiez surtout aux rapports commerciaux et économiques. Toutefois, le plan d'action que nous étudierons de concert avec l'Union européenne et la Commission européenne est beaucoup plus vaste.

Le sénateur MacEachen: Il est intéressant également de noter que l'expression «libre-échange» ne cadre plus avec le courant de rectitude politique aux États-Unis et au sein de l'Union européenne. Il y a des raisons à cela, et elles toucheront peut-être aussi le Canada, en bout de ligne.

Le président: Nous rencontrerons, en Europe, les cadres de diverses entreprises canadiennes brassant des affaires là-bas. Ces Canadiens sont-ils susceptibles de nous entretenir de changements particuliers survenus dans les tarifs ou les programmes européens en ce qui concerne l'investissement? Que pouvez-vous nous dire à l'avance? Quelles sont vos prévisions dans ce domaine?

M. Venner: Les seules questions qui me viennent à l'esprit à cet égard, sénateur, sont les propositions imminentes de législation européenne en vue de protéger les données et la vie privée. Ces propositions sont la source de certaines inquiétudes dans le milieu des services financiers.

Comme moyen de protéger la communication de renseignements personnels réunis par les entreprises et des institutions financières en Europe, l'Union européenne envisage d'adopter une loi qui, bien qu'elle en soit à l'étape embryonnaire, rendrait très difficile l'échange d'information entre institutions financières de part et d'autre de l'Atlantique. Cette question pourrait préoccuper des institutions financières canadiennes, si vous prévoyez rencontrer certains de leurs dirigeants.

Le président: Et au sujet des tarifs? Qu'en est-il de l'aluminium, par exemple? Le seuil prévu nous satisfait-il?

M. Venner: Nous avons essayé, dans le cadre des négociations de l'Uruguay Round, de faire abaisser les droits relatifs à certains produits. Nous avons échoué dans certains secteurs remarquables, par exemple dans celui de l'aluminium, des produits de la pêche transformés et certains produits forestiers à valeur ajoutée. Nous avons discuté de produits de haute technologie, mais cette question englobait aussi certaines pratiques de passation des marchés publics. Vous pourriez entendre des plaintes à ce sujet.

Canadian industries understand that there is not likely to be an opportunity to reduce those tariffs in the near future.

The Chairman: Has there been any change in the tariff on telecommunication equipment in which Canadians would be interested?

Mr. Venner: That is still an area in which the tariffs are quite high.

The Chairman: Has there been a change upward or downward?

Mr. Venner: If there were any changes in the Uruguay Round, they were quite marginal. I would need to check that.

The Chairman: I have another question of a very different kind. We have heard a great deal about the prospect of a monetary union in Europe. Sometimes I think it is the leading topic. Let us not speculate as to whether or not it will take place, but let us assume that it will take place.

I then go on to think — and I may be incorrect — that such a monetary union would have an effect upon the economies of certain countries; countries with which we do business. I then ask myself: Will that monetary union have an influence on Canada, either in its imports or investment in Canada indirectly, by reason of the influence of the monetary union on particular countries in Europe?

Mr. Juneau: It is a large question, the answer to which is not easy, Mr. Chairman. We do not know exactly what kind of monetary union will take place eventually. They are still discussing amongst themselves the policies that will need to be defined in that respect. Obviously, there will be some effect on Canada. One which is obvious to me is the exchange rate, which could affect the export of our products.

I am not at ease with the subject yet because we have not had the kind of discussions that we want to have with the European Union before they start their inter-governmental conference. That will be one of the topics that will be discussed during the conference. We will need to have discussions with them to ensure that we get a better understanding of what the effects could be.

Mr. Venner: In terms of a direct impact on Canada, competition for investment from third parties must be considered. I refer to Japanese investment and others. If the European Union were to achieve an extremely large area of exchange rate stability, that would make them an attractive investment location. We would be competing with the European Union for that investment.

The second area of impact is for our exporters. There is a certain ease that comes with only one exchange rate, and being able to operate in one currency. That could be a positive impact.

Cependant, les négociations de l'Uruguay Round ne s'étant terminées que tout récemment, la plupart des industries canadiennes comprennent qu'il y a peu de chance que ces tarifs soient réduits dans un proche avenir.

Le président: A-t-on modifié le tarif sur le matériel de communication auquel les Canadiens s'intéresseraient?

M. Venner: C'est toujours un secteur où les tarifs sont très élevés.

Le président: Y a-t-il eu changement à la hausse ou à la baisse?

M. Venner: Si des changements ont été apportés dans le cadre de l'Uruguay Round, ils ont été très marginaux. Il faudrait que je vérifie.

Le président: J'ai une autre question d'une toute autre nature. Nous avons beaucoup entendu parler de la possibilité d'une union monétaire en Europe. Il m'arrive parfois de penser que c'est la question principale. Ne nous interrogeons pas pour savoir ce qui se passera, supposons plutôt que l'union européenne se concrétisera.

Je pense en outre — et il se peut que je fasse erreur — qu'une union monétaire de ce genre se répercuterait sur les économies de certains pays, des pays avec lesquels nous faisons affaire. Je me demande ensuite ce qui suit: cette union monétaire aura-t-elle une influence sur le Canada, qu'il s'agisse de ses importations ou de l'investissement au Canada indirectement, étant donné l'influence de celle-ci sur certains pays en Europe?

M. Juneau: C'est une vaste question à laquelle il n'est pas facile de répondre, monsieur le président. Nous ne savons pas exactement quelle forme revêtira finalement l'union monétaire. Les membres discutent encore entre eux des politiques qu'il faudra élaborer à cet égard. De toute évidence, le Canada en ressentira les effets dont l'un d'entre eux, à mon avis, le taux du change, ce qui pourrait se répercuter sur l'exportation de nos produits.

Je ne suis pas encore à l'aise avec le sujet vu que nous n'avons pas encore eu le genre avec l'Union européenne les discussions que nous voulons avant qu'elle amorce sa conférence intergouvernementale. Il s'agit d'un des sujets qui y sera abordé. Il nous faudra discuter avec eux afin de mieux en saisir les répercussions.

M. Venner: En ce qui concerne un impact direct sur le Canada, il faut tenir compte de la concurrence des investissements provenant de tiers. Je veux parler des investissements japonais et autres. Si plusieurs pays de l'Union européenne se réunissent pour stabiliser le taux du change, ils deviendraient ainsi une cible attrayante pour les investisseurs. Nous soutiendrions alors la concurrence de l'Union européenne.

Il y a ensuite nos exportations. L'utilisation d'un seul taux de change et la capacité d'opérer avec une seule devise facilitent un peu les choses. Cela pourrait être un effet positif.

The third question, which is harder to get a handle on, is the question of economic policy coordination in forums such as the G-7. If the G-7 convenes and there are only four currencies represented, one being the European currency, the United States dollar and the yen, it is hard to see where Canada would fit into the equation. If European monetary union actually came about, it is likely that we could be marginalized in those kinds of discussions.

The Chairman: You have said enough to convince me that this is an important matter from the Canadian point of view.

Honourable senators, that concludes this section of our work for today. We thank the witnesses very much for appearing here.

The committee adjourned.

La troisième question, à laquelle il est plus difficile de répondre, est celle de la coordination de la politique économique au sein de tribunes comme le G-7. Si les membres du G-7 se réunissent et que seules quatre devises y sont représentées, c'est-à-dire la monnaie européenne, le dollar américain et le yen, il est difficile de voir quelle place le Canada occuperait dans l'équation. Si l'union monétaire européenne voit le jour, le Canada risque d'être marginalisé dans des discussions de ce genre.

Le président: Vous en avez assez dit pour me convaincre que cette question revêt de l'importance pour le Canada.

Honorables sénateurs, cela met fin à cette partie de nos travaux pour aujourd'hui. Nous remercions les témoins d'être venus.

Le comité suspend ses travaux.



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WITNESSES—TÉMOINS

From the Department of Foreign Affairs and International Trade:

Jean-Pierre Juneau, Assistant Deputy Minister, Europe Branch;

Gordon Venner, Deputy Director, European Union Division.

Du ministère des Affaires étrangères et du Commerce international:

Jean-Pierre Juneau, sous-ministre adjoint, Secteur de l'Europe;

Gordon Venner, directeur adjoint, Direction de l'Union européenne.

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Second Session
Thirty-fifth Parliament, 1996

Deuxième session de la
trente-cinquième législature, 1996

SENATE OF CANADA

SÉNAT DU CANADA

*Proceedings of the Standing
Senate Committee on*

*Délibérations du comité
sénatorial permanent des*

Foreign Affairs



Affaires étrangères

Chairman:
The Honourable JOHN B. STEWART

Président:
L'honorable JOHN B. STEWART

Wednesday, April 24, 1996
Tuesday, May 28, 1996

Le mercredi 24 avril 1996
Le mardi 28 mai 1996

Issue No. 2

Fascicule n° 2

First and only Proceedings on:
Meeting with a parliamentary delegation
from the Republic of Cuba

Première et seul fascicule concernant:
Rencontre avec une délégation parlementaire
de la République de Cuba

INCLUDING:
THE FIRST REPORT OF THE COMMITTEE

Y COMPRIS:
LE PREMIER RAPPORT DU COMITÉ

THE STANDING SENATE COMMITTEE ON
FOREIGN AFFAIRS

The Honourable John B. Stewart, *Chairman*

The Honourable Pat Carney, P.C. *Deputy Chair*

and

The Honourable Senators:

Andreychuk	Kelleher
Bacon	* Lynch-Staunton
Bolduc	(or Berntson)
Corbin	MacEachen, P.C.
* Fairbairn, P.C. (or Graham)	Ottenheimer
Gauthier	Stollery
Grafstein	

* *Ex Officio Members*

(Quorum 4)

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et

Les honorables sénateurs:

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* Fairbairn, c.p. (ou Graham)	Ottenheimer
Gauthier	Stollery
Grafstein	

* *Membres d'office*

(Quorum 4)

MINUTES OF PROCEEDINGS

OTTAWA, Wednesday, April 24, 1996

(3)

[Translation]

The Standing Senate Committee on Foreign Affairs met this day *in camera* at 3:15 p.m. in Room 256-S of the Centre Block, the Chairman, the Honourable John B. Stewart, presiding.

Members of the Committee present: The Honourable Senators Andreychuk, Bacon, Bolduc, Corbin, Grafstein, Kelleher, Ottenheimer, Stewart and Stollery. (9)

Other Senator present: The Honourable Joseph P. Landry. (1)

Also present: From the Research Branch of the Library of Parliament: Mr. Anthony Chapman, Economics Division.

Pursuant to its Order of Reference dated Wednesday, February 28, 1996, the Committee proceeded with the examination and reporting on the consequences of the economic integration of the European Union for the national governance of the member states, and on the European Union for economic, political and defence relations between Canada and Europe (*See Committee Proceedings dated February 28, 1996, Issue No. 1.*).

The Committee considered future business.

At 4:50 p.m., the Committee adjourned to the call of the Chair.

ATTEST:

OTTAWA, Tuesday, May 28, 1996

(4)

The Standing Senate Committee on Foreign Affairs, met this day at 4:09 p.m. in Room 256-S of the Centre Block, the Chairman, the Honourable John B. Stewart, presiding.

Members of the Committee present: The Honourable Senators Andreychuk, Bacon, Carney, Grafstein, Kelleher, Stewart and Stollery. (7)

Other senator present: The Honourable Norman K. Atkins. (1)

Also present: From the Research Branch of the Library of Parliament: Mr. Anthony Chapman, Economics Division.

In attendance: Official Senate reporters and one Spanish-English interpreter, Mr. André Charlebois.

The Committee met with a delegation of Cuban parliamentarians composed of: Mr. Luis Ignacio Gomez Gutiérrez, Minister of Education, Republic of Cuba; Mr. Antonio de la Llera Herrera, M.P.; and Mr. Sergio Pastrana Valera, M.P. Accompanying the delegation: His Excellency Bienvenido Garcia Negrin with the Cuban Embassy in Canada and Mr. Jorge Lamadrid, Minister-Counsellor, also with the Cuban Embassy.

PROCÈS-VERBAL

OTTAWA, le mercredi 24 avril 1996

(3)

[Français]

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui à huis clos, à 15 h 15, dans la pièce 256-S de l'édifice du Centre, sous la présidence de l'honorable John B. Stewart (*président*).

Membres du comité présents: Les honorables sénateurs Andreychuk, Bacon, Bolduc, Corbin, Grafstein, Kelleher, Ottenheimer, Stewart et Stollery. (9)

Autre sénateur présent: L'honorable Joseph P. Landry. (1)

Également présent: Du Service de recherche de la Bibliothèque du Parlement: M. Anthony Chapman, Division de l'économie.

Conformément à son ordre de renvoi du mercredi 28 février 1996, le comité considère l'examen, pour en faire rapport, des répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe (*voir les Délibérations du 28 février 1996 du comité, fascicule n° 1.*).

Le comité considère ses travaux futurs.

À 16 h 50, le comité s'ajourne jusqu'à nouvelle convocation de la présidence.

ATTESTÉ:

OTTAWA, le mardi 28 mai 1996

(4)

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui en séance publique, à 16 h 09, dans la pièce 256-S de l'édifice du Centre, sous la présidence de l'honorable John B. Stewart (*président*).

Membres du comité présents: Les honorables sénateurs Andreychuk, Bacon, Carney, Grafstein, Kelleher, Stewart et Stollery. (7)

Autre sénateur présent: L'honorable Norman K. Atkins. (1)

Également présent: du Service de recherche de la Bibliothèque du Parlement: M. Anthony Chapman, Division de l'économie.

Aussi présents: Les sténographes officiels du Sénat et un interprète espagnol-anglais, M. André Charlebois.

Le comité tient une rencontre avec une délégation de parlementaires cubains composée de: M. Luis Ignacio Gómez Gutiérrez, ministre de l'Éducation de la République de Cuba; M. Antonio de la Llera Herrera, député; M. Sergio Pastrana Valera, député. Accompagnant la délégation: Son Excellence Bienvenido Garcia Negrin, de l'Ambassade de Cuba au Canada et M. Jorge Lamadrid, ministre-conseiller, également de l'ambassade de Cuba.

Mr. Antonio de la Llera Herrera made a statement and answered questions.

At 5:18 p.m., the Committee adjourned its public meeting and withdrew to sit *in camera*.

At 5:20 p.m., the Committee met *in camera* to consider future business.

Members of the Committee present: The Honourable Senators Carney, Grafstein, Kelleher, Stewart and Stollery. (5)

The Committee adopted two budget submission proposals, respectively for: a) its study of relations between Canada and the European Union; and b) its legislation.

At 6:24 p.m., the Committee adjourned to the call of the Chair.

ATTEST:

M. Antonio de la Llera Herrera fait une déclaration et répond aux questions.

À 17 h 18, le comité ajourne sa séance publique et se réunit à huis clos.

À 17 h 20, le comité se réunit à huis clos pour considérer ses travaux futurs.

Membres du comité présents: Les honorables sénateurs Carney, Grafstein, Kelleher, Stewart et Stollery. (5)

Le comité adopte deux propositions de demande budgétaire, respectivement : a) pour son étude des relations entre le Canada et l'Union européenne; et b) pour la législation.

À 18 h 24, le comité s'ajourne jusqu'à nouvelle convocation de la présidence.

ATTESTÉ:

Le greffier du comité

Serge Pelletier

Clerk of the Committee

REPORT OF THE COMMITTEE

WEDNESDAY, May 8, 1996

The Standing Senate Committee on Foreign Affairs has the honour to present its

FIRST REPORT

Your Committee, which was authorized by the Senate to incur expenses for the purpose of its examination and consideration of such legislation and other matters as were referred to it, reports pursuant to Rule 104, that the expenses incurred by the Committee during the First Session of the Thirty-fifth Parliament are as follows:

1. With respect to its examination and consideration of legislation:

Committee Travel	\$990.00
Registration Fees	\$200.00
Contract Consulting	\$8,000.00
Hospitality	\$549.90
Miscellaneous	\$2,663.55
Total	\$12,403.50

The following expenses, incurred by the Committee, were charged to the budget of the Committees and Private Legislation Directorate:

Witnesses' expenses	\$620.07
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2. With respect to its special studies (a) on Free Trade in the Americas; and (b) on relations between Canada and the European Union.

The Committee did not incur expenses in these matters, except those incurred for witnesses' expenses charged to the budget of the Committees and Private Legislation Directorate:

Witnesses' expenses	\$14,519.55
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Your Committee heard from 100 witnesses and held 45 meetings during which it reviewed four (4) Bills (C-4, C-57, C-47, and C-87). It completed a study on free trade in the Americas. The Report was tabled in the Senate in July 1995. It then undertook a study on relations between Canada and the European Union, which Order of Reference was renewed in the present Session. In all, your Committee issued eight reports in relation to its work.

Respectfully submitted,

RAPPORT DU COMITÉ

Le MERCREDI 8 mai 1996

Le comité sénatorial permanent des affaires étrangères a l'honneur de présenter son

PREMIER RAPPORT

Votre comité, qui a été autorisé par le Sénat à engager des dépenses aux fins d'examiner les mesures législatives et autres questions qui lui ont été déférées, dépose, conformément à l'article 104 du Règlement, le relevé suivant des dépenses contractées à cette fin par le comité au cours de la première session de la trente-cinquième législature.

1. Relatif à son étude des mesures législatives :

Déplacements du comité	990,05 \$
Frais d'enregistrement	200,00 \$
Experts-conseil à contrat	8 000,00 \$
Hospitalité	549,90 \$
Autres dépenses	2 663,55 \$
Total	12 403,50 \$

Les dépenses suivantes, encourues par le comité, ont été portées au budget de la Direction des comités et de la législation privée.

Dépenses des témoins	620,07 \$
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2. Relatif à ses études spéciales a) sur le libre-échange dans les Amériques; et b) les relations entre le Canada et l'Union européenne.

Le comité n'a engagé aucune dépense à cet égard, sauf celles encourues au chapitre des dépenses des témoins et portées au budget de la Direction des comités et de la législation privée :

Dépenses des témoins	14 519,55 \$
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Le comité a entendu 100 témoins et tenu 45 séances durant lesquelles il a étudié quatre (4) projets de loi (C-4, C-57, C-47 et C-87). Il a conduit une étude sur le libre-échange dans les Amériques dont le rapport a été déposé au Sénat en juillet 1995. Il a entrepris par la suite une étude sur les relations entre le Canada et l'Union européenne dont l'ordre de renvoi a été reconduit dans la présente session. En tout votre comité a produit huit rapports sur son travail.

Respectueusement soumis;

Le président,

JOHN B. STEWART

Chairman

EVIDENCE

Ottawa, Tuesday, May 28, 1996

The Standing Senate Committee on Foreign Affairs met this day at 4:00 p.m. with a parliamentary delegation from Cuba.

Senator John B. Stewart (*Chairman*) in the Chair.

[*English*]

The Chairman: We have with us this afternoon a parliamentary delegation from Cuba. Our guests are Mr. Luiz Ignacio Gomez Gutiérrez, Minister of Education; Mr. Antonio De la Liera Herrera, Member of Parliament; Mr. Sergio Pastrana Valera, Member of Parliament. Also with the delegation is His Excellency Bienvenido Garcia Negrin, the Cuban Ambassador to Canada, and Mr. Jorge Lamadrid, the Ambassador's counsellor.

The Honourable Minister will say a few words to us, through his interpreter, and then he will hear our questions.

Mr. Luiz Ignacio Gomez Gutiérrez, Minister of Education: Thank you for the warm welcome that you have given me and the delegation. We are part of a delegation representing the Canada-Cuba Friendship Group. This visit is in response to a visit from a Canadian delegation to Cuba a year and a half ago.

Canada's relationship with Cuba is very important because we are part of the same hemisphere. Our two countries have had a relationship for 50 years. Over that time, there has been an increase in commercial relations between Cuba and Canada. The increase in trade has increased to approximately \$500 million this year in the areas of copper mining, petroleum and tourism. We expect that this business will continue to augment.

There is a great deal of interest in Cuba in acquiring Canadian goods and in exporting Cuban goods to Canada. There has been an economic transformation in Cuba, in an attempt to attain a better economy. There is some cooperation with CIDA in order to improve the banking and financial systems, and we expect to touch upon social areas such as education and health.

We have been going through economic difficulties because we have lost some of our markets. Our difficulties are also caused by a blockade imposed by the United States which has been augmented very recently. This is a commercial embargo, but the blockade is much more than just a commercial embargo. There is also an extraterritorial character. It affects all different aspects of life, such as the provision of food and medicine, and not just commerce.

This blockade is also impeding the flow of foreign investments into Cuba. The most recent embargo, which is the most absurd, is the Helms-Burton law that has been passed recently in the United States. The Canadian government has taken a very firm position against this law. This law affects Canadian interests and also Canadian sovereignty. Having to abide by a law that has been imposed by another country impedes the liberty of commerce and investments. This is the major difficulty that our country faces in being able to get ahead, and this is why we could qualify Cuban people as heroic.

TÉMOIGNAGES

Ottawa, le mardi 28 mai 1996

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui, à 16 heures, pour rencontrer une délégation de parlementaires cubains.

Le sénateur John B. Stewart (*président*) occupe le fauteuil.

[*Traduction*]

Le président: Nous accueillons cet après-midi une délégation de parlementaires cubains. Nos invités sont MM. Luiz Ignacio Gomez Gutiérrez, ministre de l'Éducation; Antonio De la Liera Herrera, député; et Sergio Pastrana Valera, député. Cette délégation est accompagnée de Son Excellence Bienvenido Garcia Negrin, ambassadeur de Cuba au Canada, et de M. Jorge Lamadrid, conseiller de l'ambassadeur.

L'honorable ministre fera une brève déclaration par l'entremise de son interprète puis répondra à nos questions.

M. Luiz Ignacio Gomez Gutiérrez, ministre de l'Éducation: Je vous remercie du chaleureux accueil que vous avez réservé à l'ensemble de la délégation cubaine. Nous faisons partie d'une délégation qui représente le Groupe d'amitié Canada-Cuba. Notre visite fait suite à celle qu'une délégation canadienne a faite à Cuba il y a un an et demi.

Les liens qu'ont noués le Canada et Cuba sont très importants parce que les deux pays appartiennent au même hémisphère. Nous entretenons ces liens depuis 50 ans. Les relations commerciales entre nos deux pays n'ont fait que croître durant cette période. Nos échanges commerciaux ont augmenté d'environ 500 millions de dollars cette année dans les secteurs des mines de cuivre, du pétrole et du tourisme. Nous nous attendons à ce que cette hausse se poursuive.

Nous cherchons de plus en plus à acheter des marchandises canadiennes et à exporter nos produits au Canada. Cuba a modifié son économie dans le but de l'améliorer. L'ACDI a ainsi accepté de nous aider à réformer nos systèmes bancaire et financier, et nous nous attaquerons bientôt aux programmes sociaux comme l'éducation et la santé.

La perte de certains de nos marchés a engendré des difficultés économiques pour les Cubains. Nos difficultés sont également attribuables au blocus instauré par les États-Unis et qui vient d'ailleurs tout juste d'être renforcé. Ce blocus va beaucoup plus loin qu'un simple embargo commercial, car il a aussi une portée extraterritoriale. Il a une incidence sur tous les aspects de la vie quotidienne, par exemple l'approvisionnement en nourriture et en médicaments, et non uniquement sur les échanges commerciaux.

Ce blocus empêche également l'arrivée d'investissements étrangers à Cuba. L'embargo le plus récent, et le plus absurde, est la loi Helms-Burton qui vient d'être adoptée aux États-Unis. Le gouvernement canadien s'est d'ailleurs très fermement opposé à cette loi, car elle touche des intérêts canadiens et porte atteinte à la souveraineté canadienne. L'obligation de respecter une loi adoptée par un autre pays nuit à la liberté de commerce et aux investissements. C'est le principal obstacle qui empêche notre pays de se développer et, pour cette raison, nous pouvons dire que le peuple cubain est héroïque.

Without the blockade, everything would be much easier and the economy could develop faster. Even though there has been a blockade, our economy has increased by 7 per cent. In 1995, the economy increased by 2.5 per cent.

We have managed to recover our sugar production; we have the highest numbers in the production of nickel and cobalt, where the association with Canadian enterprises has played an important part. We have also a higher production in petroleum and tobacco. Tourism in the first trimester has increased by 47 per cent compared to 1995. This increase is due to participation by Canadians in our market.

Even though there is a blockade, Cuba still has social indicators in terms of literacy that are the highest in Latin America. In the rest of Latin America, literacy is at a level of approximately 16 per cent. In Cuba, we have one teacher for every 45 inhabitants. Everyone has work. No school has shut down; no university has shut down. We dedicate 11 per cent of our national budget to education. The rate of infant mortality in Cuba is comparable to that in developed countries; it is below the rate of ten fatalities for every thousand births.

We have one doctor for every 200 inhabitants. Health and education are both free. The largest part of the national budget is dedicated to social security. Approximately 1.5 million Cubans have access to social security. Our country will not renounce these achievements.

We must, however, recover the economy. We have planned a deficit that is less than 4 per cent. This is all done with the consensus of the Cuban people. In the last parliamentary election, candidates needed 50 per cent of the votes to be elected. In these elections, it is the actual people who propose or suggest the candidates.

I would like to thank again the honourable senators for the reception that you have given us. We have been welcomed in the Senate and also in the House of Commons. I would like to thank you for the principles that Canada has in terms of their relationship with Cuba, and the respect that Canada has for their own autonomy and sovereignty.

The Chairman: Senator Stollery.

Senator Stollery: In April, we visited Europe, and during that visit there were very strong reactions concerning the policy of this blockade. What is the Cuban point of view with respect to the situation of Canada and the European countries, because it is not just Canada that is caught by this blockade? What is the reaction, as seen from Cuba?

Mr. Gutiérrez: It is known that on four occasions the United Nations Assembly has had reactions against the blockade towards Cuba. The only votes in favour of the blockade was that of the United States and one or two other countries. In terms of this new law, there is no country in the world that has supported the position of the United States. The European Union has condemned the law, and they have been looking for different mechanisms of sanction to suggest to the World Trade Organization.

Sans ce blocus, tout serait beaucoup plus facile et notre économie pourrait se développer plus rapidement. Elle a d'ailleurs connu une hausse de 7 p. 100 en dépit de ce blocus. En 1995, cette hausse a été de 2,5 p. 100.

Nous avons réussi à assurer la reprise de notre production de sucre et nous avons atteint des sommets pour ce qui est de la production du nickel et du cobalt grâce à l'importante aide que nous ont fournie des entreprises canadiennes. Nous avons également augmenté notre production de pétrole et de tabac. L'industrie du tourisme a quant à elle connu une hausse de 47 p. 100 au cours du premier trimestre de 1996 par rapport à 1995. Cette augmentation est notamment attribuable à l'arrivée de Canadiens sur notre marché.

Malgré le blocus, Cuba a le taux d'alphabétisation le plus élevé des pays latino-américains. Dans le reste de l'Amérique latine, ce taux est d'environ 16 p. 100. À Cuba, on compte un enseignant pour 45 habitants. Tout le monde travaille. Aucune école, aucune université n'a été fermée. Nous consacrons 11 p. 100 de notre budget national à l'éducation. Notre taux de mortalité infantile est comparable à celui des pays développés, à savoir moins de 10 décès pour 1000 naissances.

Il y a un médecin pour 200 habitants. Les services de santé et l'éducation sont gratuits. La plus grande partie du budget national est consacrée à la sécurité sociale. Environ 1,5 million de Cubains ont accès au programme de sécurité sociale. Notre pays ne renoncera pas à ces réalisations.

Nous devons toutefois assurer la reprise de l'économie. Nous avons prévu que le déficit serait inférieur à 4 p. 100. Cette décision a été prise avec l'accord du peuple cubain. Lors des dernières élections, les candidats devaient recueillir au moins 50 p. 100 des votes pour être élus. Ce sont d'ailleurs les Cubains qui proposent les candidats à ces élections.

J'aimerais encore une fois remercier les honorables sénateurs de l'accueil qu'ils nous ont réservé. Nous avons été bien reçus tant au Sénat qu'à la Chambre des communes. J'aimerais également remercier le Canada pour les liens qu'il entretient avec Cuba et pour le respect qu'il accorde à son autonomie et à sa souveraineté.

Le président: Sénateur Stollery.

Le sénateur Stollery: Nous nous sommes rendus en Europe au mois d'avril et, durant cette visite, nous avons été témoins de très fortes réactions au sujet du blocus dont vous avez parlé. Que pense Cuba de la situation dans laquelle se retrouvent le Canada et les pays européens, parce que le Canada n'est pas le seul à être touché par ce blocus? Quelle est la réaction des Cubains?

M. Gutiérrez: Nous savons qu'à quatre reprises, les Nations Unies ont réagi contre le blocus instauré à Cuba. Seuls les États-Unis et un ou deux autres pays ont voté en faveur du blocus. En outre, aucun pays au monde n'a appuyé la nouvelle loi adoptée par les États-Unis. L'Union européenne a condamné cette loi, et elle examine les différentes sanctions qu'elle pourrait suggérer à l'Organisation mondiale du commerce.

Many other countries have commercial relationships with Cuba, especially Mexico, who are also part of the North American Free Trade Agreement. Mexico has taken an energetic position against the Helms-Burton law. Most other countries are in the same position as Canada, as individual countries and also in terms of the different blocks that they make up.

The Chairman: I should tell you that we have two political parties represented in the Senate. There is the Conservative Party, whose members happen to be sitting, for the most part, on my right, and the Liberal Party, whose members are suitably to my left.

Senator Atkins: We may have a better idea later today of the extent to which the Americans intend to express their view, following a meeting in the United States between our minister, the Mexicans and the U.S. Secretary of Trade. The speculation is that it is not very hopeful that the Americans will budge one single bit. The other factor is that June 11 is fast approaching. That seems to be a date where the Americans intend to show what their real interpretation is of the Helms-Burton law.

If there is an opportunity for the Canadians and the Mexicans to appeal to the Americans through NAFTA, do you feel that there is any hope they may soften their position?

Mr. Gutiérrez: We know that Mexico and Canada are firmly against the law, but we also know that the President of the United States has a veto. Apparently there is no precedent to this situation in the United States, or indeed in the rest of the world.

Generally, external policies in the United States can be modified by the acting government. However, this law prohibits their Secretary of State from doing anything in terms of changing their position. We know more or less what the positions of Canada and Mexico will be, or should be, but it is difficult to know how the Americans will react. Obviously, important countries such as Canada, Mexico, the European countries and Japan take the position that sovereignty cannot be violated, and that it would be impossible for the American government to apply the law. Other countries in the world cannot permit one country to take control.

Senator Atkins: I believe the general consensus is that the President will not soften his position as long as there is an election forthcoming. I do not think you will see any changes at least until after November.

Mr. Gutiérrez: It is hard to tell.

Senator Atkins: Do you think the Americans would treat the Mexicans in the same fashion as they are treating Canadians with regard to the way in which these two countries do business in Cuba?

Mr. Gutiérrez: Mexico has a lot of investments in Cuba, for example relating to the telephone system. They have declared that they will maintain their investments in Cuba. None of the investors have pulled out of Cuba.

De nombreux autres pays entretiennent des relations commerciales avec Cuba, tout particulièrement le Mexique, qui est également partie à l'Accord de libre-échange nord-américain. Le Mexique s'est énergiquement opposé à la loi Helms-Burton. La plupart des autres pays se retrouvent dans la même situation que le Canada, en tant que pays ou à l'intérieur des différents blocs qui ont été constitués.

Le président: Je devrais vous signaler que deux partis politiques sont représentés au Sénat. Il y a le Parti conservateur, dont la plupart des membres sont assis à ma droite, et le Parti libéral, dont les membres sont comme il convient à ma gauche.

Le sénateur Atkins: Nous connaissons peut-être mieux un peu plus tard aujourd'hui les intentions des Américains, après la rencontre qui a lieu aux États-Unis entre notre ministre, les Mexicains et le secrétaire américain au commerce. Nous croyons qu'il est fort peu probable que les Américains modifient leur position d'un iota. L'autre point qu'il importe de souligner, c'est que le 11 juin approche à grands pas. Cela semble être la date que les Américains ont choisi pour donner leur interprétation de la loi Helms-Burton.

Si les Canadiens et les Mexicains ont l'occasion d'intercéder auprès des Américains dans le cadre de l'ALÉNA, croyez-vous que ceux-ci pourraient radoucir leur position?

M. Gutiérrez: Nous savons que le Mexique et le Canada s'opposent fermement à cette loi, mais nous savons également que le président des États-Unis dispose d'un droit de veto. Il semble que cette situation soit sans précédent aux États-Unis ou, de fait, dans le reste du monde.

La politique étrangère des États-Unis peut en règle générale être modifiée par le gouvernement en place. Toutefois, cette loi interdit au secrétaire d'État de modifier quoi que ce soit. Nous savons plus ou moins ce que seront ou devraient être les positions du Canada et du Mexique, mais il est difficile de savoir comment les Américains réagiront. Les pays importants comme le Canada, le Mexique, les communautés européennes et le Japon seront sans doute d'avis qu'on ne peut porter atteinte à leur souveraineté et que le gouvernement américain ne pourrait appliquer cette loi. Les différents gouvernements ne peuvent permettre à un seul pays de contrôler les autres.

Le sénateur Atkins: Le consensus semble être que le président n'adoucir pas sa position tant que les élections n'auront pas eu lieu. Je ne crois pas que des changements soient apportés avant au moins décembre prochain.

M. Gutiérrez: C'est difficile à dire.

Le sénateur Atkins: Croyez-vous que les Américains traiteraient les Mexicains comme les Canadiens en ce qui concerne la façon dont ces deux pays font des affaires avec Cuba?

M. Gutiérrez: Le Mexique a beaucoup investi à Cuba, notamment dans le réseau téléphonique. Les Mexicains ont déclaré qu'ils continueront à investir dans notre pays. Aucun des investisseurs ne s'est retiré.

Senator Atkins: Is there any evidence that the Americans are using any heavy leverage in Mexico with respect to their relationship with Cuba?

Mr. Gutiérrez: We do not know yet. We have to wait. The Americans are talking about publishing a black list that they will never stop publishing, and from there to apply practical measures to the countries which do not have the right policies, also in terms of immigration and migration. How will the Americans impose on Canada and Canadians who can go to Cuba and who cannot go? They would have to break any migratory agreement.

Senator Atkins: The impression one gets is that they are prepared to do that, and to take their chances.

Mr. Gutiérrez: They would be looking at a lot of trouble.

Senator Grafstein: I would like to welcome the delegation from Cuba. I have been a cigar smoker for many years. Unfortunately, Mr. Minister, my delight in smoking cigars has been outlawed by Parliament, so I am not able to smoke in this room, my office, my home, or my office at home. However, my wife has allotted to me a place in the backyard, all alone, where I can luxuriate in cigars. My colleague over here, when he came back from Cuba, brought me a Cuban cigar.

I want to tell you that not only do I use Cuban cigars, but we also drink Cuban coffee. As you can see, we are trying to help your economy. I give you that by way of a preliminary.

I recently returned from Alaska and the Yukon Territory, where I was co-chair of the Canada-U.S. Parliamentary Group. At these meetings which took place in Alaska and Canada, we were joined by 14 American senators and just under 20 American congressmen. Every year this Canada-U.S. committee meets — one year in Canada, the next year in the United States — to discuss all of the issues that are points of friction between Canada and the U.S.

One of the issues we discussed this year was Canada's relations with Cuba and the Helms-Burton bill. I can tell you that the Canadians made a very strong case against that bill and the extraterritorial impact of the bill, and the attack on Canadian sovereignty. I was surprised — and this may come as news to you and to the ambassador — that the American senators and the congressmen did not necessarily disagree with our position. One senator repeated almost virtually your speech by saying that it was extraterritorial, that it was contrary to trade law, and that it was against sovereignty. He made all of the same arguments that we have heard today and that, in fact, we made. He echoed those arguments. That included congressmen from Florida and a senator from Florida. Two of the congressmen are not running for re-election, so they could speak more freely. However, the Republican senator was very silent, and not too defensive about this position.

Le sénateur Atkins: Certains indices laissent-ils croire que les Américains exercent une forte pression sur le Mexique au sujet des liens que ce pays entretient avec Cuba?

M. Gutiérrez: Nous ne le savons pas encore. Il nous faudra attendre. Les Américains parlent de publier une liste noire qu'ils mettront constamment à jour et à partir de laquelle ils imposeront certaines mesures aux pays qui n'ont pas adopté les politiques appropriées, notamment dans le secteur de l'immigration et de l'émigration. Comment les Américains pourront-ils dire au Canada et aux Canadiens qui peut aller à Cuba et qui ne le peut pas? Ils seraient alors obligés de violer des ententes en matière d'émigration.

Le sénateur Atkins: Nous avons l'impression qu'ils sont prêts à le faire et à courir ce risque.

M. Gutiérrez: Ils s'attireraient alors bien des ennuis.

Le sénateur Grafstein: J'aimerais souhaiter la bienvenue à la délégation cubaine. Je fume le cigare depuis de nombreuses années. Malheureusement, monsieur le ministre, le Parlement m'interdit maintenant ce plaisir, et je ne peux plus fumer dans cette salle, dans mon bureau, à la maison, ni dans mon bureau à la maison. Ma femme m'a toutefois réservé un petit coin de la cour arrière où je peux fumer mes cigares avec délices. L'un de mes collègues ici présent m'a d'ailleurs rapporté un cigare cubain de sa dernière visite dans votre pays.

Non seulement je fume des cigares cubains, mais je bois du café cubain. Comme vous pouvez le constater, nous tentons d'aider votre économie. Je vous dis tout cela en guise de préliminaires.

Je viens de revenir de l'Alaska et du Territoire du Yukon, où je coprésidais le Groupe interparlementaire Canada-États-Unis. Lors des réunions qui ont eu lieu en Alaska et au Canada, 14 sénateurs américains et près de 20 membres du Congrès américain se sont joints à nous. Ce comité se réunit chaque année — une année au Canada, l'année suivante aux États-Unis — pour discuter de tous les sujets de controverse entre nos deux pays.

L'une des questions que nous avons abordées cette année concernait les relations du Canada avec Cuba et la loi Helms-Burton. Je puis vous assurer que les Canadiens ont présenté de nombreux arguments contre cette loi et l'incidence qu'elle aurait au niveau extraterritorial; nous avons aussi souligné qu'elle portait atteinte à la souveraineté canadienne. J'ai été surpris — et cela vous surprendra peut-être ainsi que l'ambassadeur — de constater que les sénateurs et les membres du Congrès américain n'étaient pas nécessairement en désaccord avec notre position. Un sénateur a fait une déclaration qui ressemblait beaucoup à la vôtre, affirmant que cette loi avait des répercussions extraterritoriales, qu'elle était contraire aux lois commerciales et qu'elle portait atteinte à la souveraineté des pays. Il a présenté tous les mêmes arguments que nous avons entendus aujourd'hui et que nous avons nous-mêmes invoqués. Des membres du Congrès représentant la Floride ainsi qu'un sénateur de cet État participaient également à la réunion. Comme deux des membres du Congrès ne se représentaient pas aux élections, ils pouvaient parler plus librement. Le sénateur républicain a pour sa part été très silencieux et n'a guère défendu cette position.

I tell you this by way of background because we then moved to the next level of discussion, and Senator Atkins has touched on this point. There was a strong consensus from the Americans that there would be no change in the American position until after the election.

Our discussion developed how to limit in the regulations of the act the impact of the legislation. One of the suggestions I made to the American senators, who asked me, is this: Why don't you put a time limit on the law until after the election so that you can then revisit this question? I am cautiously optimistic that there will be, if not a change in the law, a severe limitation on the impact of the law as it applies to the extraterritorial impasse — but not this year; next year after the election.

Having said that, let me raise a very delicate question. Please do not take this as being undiplomatic, but it was a question that we, as Canadians, could not answer in our private conversations with senators and congressmen. It is the theory of the Americans — which we do not accept, but I pass it on — that Cuba provoked the Americans by overreacting to the planes that were flying over Cuba. The suggestion is that there were other means, other forceful means, available to Cuba to remove those planes from the air space over Cuba if, indeed, those airplanes had invaded Cuban air space.

During the Cold War in Canada we were used to this. The Russians invaded our space, the Americans invaded our space, and we tried to kick them out as gently as we could.

That is rather a long prologue to a very short question. We would hope that conflicts can be kept to a minimum between now and next year, when we hope that we can reduce the impact of this terrible bill. What is your opinion of this?

Senator Andreychuk: I have a supplementary question. What reaction did the Cuban government believe it would receive after they had destroyed the planes?

Mr. Gutiérrez: We should ask the Americans first. For 36 years they have been in this situation with Cuba. There have been invasions. There was an invasion of a brigade that was trained and armed by the United States. Terrorism has resulted in thousands of deaths in Cuba. They have introduced bacterial warfare. Hundreds of children died from Dengue fever that was introduced into Cuba. For 35 years the blockade has had the objective of killing people by starving them and making them sick.

Many aggressive acts such as this have been carried out by small aircraft like these ones. These are not civilian airplanes. We have proof that these are airplanes of military use. We have proof that the people who pilot the planes are paramilitary personnel. The commander of this group had the number 2506, which is the number of the brigade which invaded the Bay of Pigs. This person has been a member of the CIA for more than 30 years. He is a recognized terrorist.

Je vous dis tout cela pour vous situer le contexte, parce que nous sommes ensuite passés à la prochaine étape des discussions, et le sénateur Atkins en a déjà parlé. Les Américains étaient tous d'accord pour dire que la position des États-Unis ne changerait pas avant les élections.

Nous avons discuté de la façon dont on pourrait utiliser les règlements d'application pour atténuer l'incidence de la loi. J'ai notamment suggéré aux sénateurs américains de prévoir une date limite, qui serait après les élections, pour qu'ils puissent réexaminer cette question. Je crois, quoique je le dise avec circonspection, que même si la loi n'est pas modifiée, elle sera à tout le moins grandement limitée au chapitre de son incidence extraterritoriale — mais pas cette année. Il nous faudra attendre l'année suivant les élections.

Cela étant dit, laissez-moi maintenant vous poser une question très délicate. Ne croyez surtout pas que je ne suis pas diplomate, mais il s'agit d'une question à laquelle, en tant que Canadiens, nous n'avons pu répondre lors des discussions que nous avons eues en privé avec les sénateurs et les membres du Congrès. Les Américains sont d'avis — avis que nous ne partageons pas, mais passons là-dessus — que Cuba a provoqué les États-Unis en réagissant de façon outrancière aux vols des avions américains au-dessus du territoire cubain. Ils laissent entendre que Cuba disposait d'autres moyens, autres que la force, pour obliger ces avions à quitter l'espace aérien cubain, si ces appareils avaient réellement envahi cet espace.

Au Canada, nous étions habitués à ce genre de discours durant la guerre froide. Les Russes avaient envahi notre espace, tout comme les Américains, et nous tentions de mettre tous ces gens dehors le plus gentiment possible.

J'ai fait un prologue assez long à une question très courte. Nous espérons que le nombre de conflits soit limité le plus possible d'ici l'an prochain, moment où nous croyons être en mesure d'atténuer l'incidence de cette terrible loi. Qu'en pensez-vous?

Le sénateur Andreychuk: J'ai une question supplémentaire. Quelle réaction le gouvernement cubain s'attendait-il à recevoir après avoir détruit ces avions?

M. Gutiérrez: Il faudrait tout d'abord poser la question aux Américains. Ils agissent ainsi avec nous depuis 36 ans. Il y a eu des invasions. Une brigade entraînée et armée par les États-Unis nous a même envahis. Les actes de terrorisme ont entraîné la mort de milliers de Cubains. Les Américains ont entrepris une guerre bactérienne. Des centaines d'enfants sont morts de la fièvre rouge introduite à Cuba. Depuis 35 ans, le blocus a pour but de tuer des Cubains en les faisant mourir de faim ou en les rendant malades.

De nombreux actes d'agression comme celui-ci ont été posés par des petits appareils de ce genre. Il ne s'agit pas d'avions civils. Nous avons des preuves que ces appareils sont destinés à un usage militaire. Nous avons des preuves que les pilotes sont des paramilitaires. Le commandant de ce groupe portait le numéro 2506, soit celui de la brigade qui avait envahi la Baie des cochons. Cette personne est membre de la CIA depuis plus de 30 ans. Il s'agit d'un terroriste reconnu.

I have with me documents that prove all of this, which were published in the American press. We did not know the objective of this flight, or where it was going. In January, they flew over Havana, the capital city, and they also entered the country. We have videos from American television and other reporters who were in those planes. The planes flew at low altitudes and they filmed the capital city, putting the lives of many people and commercial flights in danger — perhaps some of them Canadian tourists. They also threw some leaflets into Havana. One package fell in the centre of Havana but it didn't open up. It could have killed somebody.

These are not civilian airplanes. This whole campaign has nothing to do with a commercial flight, or a businessman who was flying the wrong way. The objective of these flights is to lower the morale of the people and the armed forces. The government of the United States was aware of this. They were asked to put a stop to this campaign. The government promised that the flights would not continue.

In January, when they flew over the capital, there was an order given to our armed forces that they should not permit this. This order was stayed, an inactive order. On February 24, there was no specific order to hit on these two planes, but this order had been given previously.

In Cuba, the air force consists of Soviet supersonic jets. The blockade does not give us the opportunity to acquire any other kinds of aircraft. The supersonic jets cannot fly at low altitude and low speed because if they do, they will fall out of the sky. Thus they made a few warning passes on these planes, but the planes continued to get closer to the capital.

There were two alternatives for the Cuban pilots: They were under orders to either not permit the pilots to continue — and this was a day of national festivity. There was a baseball game, which is very important, with a stadium filled with more than 20,000 people. There were processions in the street — a carnival — and nobody knew what these airplanes were up to. Havana had been bombarded on more than one occasion by that type of aircraft.

The senator is asking what reaction did we have. We expected that these flights would not be repeated, because it had been promised by the U.S. government that this type of activity would stop. Therefore we were surprised by this incident. There was no deliberate action by Cuba to provoke this incident. I understand that the pilot has now lost his licence to fly. Why could that not have happened before? The pilot has a document from the Department of State outlining the different violations that he had committed previously. The U.S. government could have avoided the incident.

Cuba is a country that has been victimized. There is a kind of war against Cuba. It is very difficult for Cuba not to adopt any actions to protect its sovereignty. This could go as far as provoking a war. The pilot said that they were able to undertake these flights without any problem because the air forces of Cuba were demoralized; they did not have any fuel to fly their planes,

J'ai avec moi des documents qui prouvent toutes ces affirmations et qui ont été publiés dans la presse américaine. Nous ne connaissions ni l'objectif ni la destination de ces appareils. En janvier, un avion a survolé La Havane, notre capitale, ainsi que la campagne environnante. Nous possédons des vidéos diffusés par la télévision américaine qui ont été pris par des journalistes qui étaient à bord de ces appareils. Les avions ont volé à basse altitude et ils ont filmé la capitale, mettant en danger la vie de nombreuses personnes et de passagers de vols commerciaux — dont peut-être certains touristes canadiens. Ils ont également laissé tomber des tracts sur La Havane. L'un des paquets est tombé au centre de la ville sans s'ouvrir. Il aurait pu tuer quelqu'un.

Ces appareils ne sont pas des avions civils. Cela n'a rien à voir avec un vol commercial ou avec un homme d'affaires qui s'est perdu. Ces vols ont pour but de miner le moral du peuple et des forces armées. Le gouvernement des États-Unis le savait. On leur avait demandé de mettre fin à ce genre de manoeuvres. Le gouvernement avait promis que ces vols ne se reproduiraient plus.

En janvier, lorsque ces avions avaient survolé la capitale, un ordre avait été donné à nos forces armées pour qu'elles ne permettent pas que cela se reproduise. Cet ordre était en suspens. Le 24 février, personne n'a expressément ordonné de toucher ces deux avions, mais cet ordre avait été donné auparavant.

À Cuba, l'armée de l'air ne possède que des avions supersoniques russes. Le blocus ne nous permet pas d'acheter d'autres types d'appareils. Les jets supersoniques ne peuvent voler à basse altitude ni à basse vitesse parce qu'ils s'écraieraient. Ils ont donc effectué quelques manoeuvres autour de ces appareils en guise d'avertissement, mais ceux-ci ont continué à se rapprocher de la capitale.

Deux solutions s'offraient alors aux pilotes cubains: ils avaient reçu l'ordre de ne pas permettre aux pilotes de poursuivre leur route — et cet événement s'est produit un jour de fête nationale. Une partie de base-ball était en cours, ce qui est très important, car le stade contenait plus de 20 000 spectateurs. Des défilés avaient lieu dans les rues — un carnaval — et personne ne connaissait les intentions de ces avions. La Havane avait déjà été bombardée à plus d'une reprise par ce type d'appareils.

Le sénateur demande quelle réaction nous avons eue. Nous croyions que ces vols ne se reproduiraient plus, parce que c'est ce que le gouvernement américain nous avait promis. Cet incident nous a donc surpris. Cuba n'avait pas du tout l'intention de provoquer cet incident. Je crois savoir que le pilote n'est plus autorisé à voler. Pourquoi ne lui a-t-on pas retiré son permis plus tôt? Un document du Département d'État énumère les différentes infractions qu'il avait commises auparavant. Le gouvernement américain aurait pu éviter cet incident.

Cuba est un pays tyrannisé. On est parti en guerre contre Cuba. Il nous est très difficile de ne pas prendre de mesure pour protéger notre souveraineté. Toute mesure pourrait provoquer une guerre. Le pilote a déclaré qu'ils ont pu effectuer ces vols sans problème parce que les forces aériennes cubaines étaient démoralisées, qu'elles n'avaient plus de combustible pour faire décoller leurs

and the electronic equipment was not functioning. Under the circumstances, this was potentially a very dangerous situation for Cuba.

Senator Atkins: Even if these actions were justified, you have lost the PR war. Did you anticipate the overreaction of the Americans to what happened?

Mr. Gutiérrez: We think that they would have tried to enact the Helms-Burton law in any event. They needed an excuse. There was already a consensus in the House of Representatives. They could only avoid enacting this law with the veto of the President. He was intending to apply his veto in the year of elections, but it is just a pretence. They were in a hurry to keep the power of the President of the United States.

Senator Kelleher: Mr. Minister, everyone around the world is aware of the dispute between Cuba and the United States. Without assigning blame to either party — that is not my interest — could you tell us what steps, if any, Cuba has taken, or is taking, to resolve this dispute with the United States?

Mr. Gutiérrez: That is like asking someone, when you have a knife at their throat, “What can I do not to kill you?” For an answer, you must ask the one who is holding the knife. All the nationalizations of the enterprises have been resolved, even the ones with Canada.

Senator Kelleher: We have a dispute between two countries, Cuba and the United States. It has always been my experience that, in a dispute, nobody is 100 per cent right and nobody is 100 per cent wrong. Each side has responsibility to try and resolve the dispute. I am not blaming either side here, but I want to know what efforts, if any, Cuba is taking to resolve this dispute.

There are other ways to resolve disputes than speaking directly to the person with whom you are having the dispute. There are what are known as — and you will know this — diplomatic initiatives. You can go through third parties; you can ask other people to try and broker a deal.

I would like to know what, if anything, Cuba is doing to try to resolve this problem. If Cuba wants to win friends and promote sympathy from other countries, they need to show the rest of the world that they are prepared and interested in doing something to help resolve this dispute. I would like the minister to tell me what Cuba is doing in this regard.

Mr. Gutiérrez: Cuba has never shown aggression in any way to the United States. The country that is being blocked is Cuba. Cuba cannot block the U.S. The country that has a military base against the people's will is the Americans; they have a base in Cuba. Cuba does not control any part of the United States. All the aggressive acts have come from the United States to Cuba. There is no aggression from Cuba.

In order to solve this conflict, the first thing that the Americans must do is lift the blockade and let us sit down together, with all the knowledge that we have, to solve our differences. Cuba has always been disposed to discussion, but the Americans do not

appareils et que l'équipement électronique ne fonctionnait pas. Dans de telles circonstances, cette situation pouvait s'avérer très dangereuse pour Cuba.

Le sénateur Atkins: Même si ces mesures étaient justifiées, vous avez perdu la bataille des relations publiques. Aviez-vous prévu que les Américains réagiraient aussi fortement à ce qui s'est produit?

M. Gutiérrez: Nous pensons qu'ils auraient tenté d'adopter la loi Helms-Burton quoiqu'il soit arrivé. Ils avaient besoin d'une excuse. Un consensus était déjà intervenu à la Chambre des représentants. Seul le veto du président pouvait empêcher l'entrée en vigueur de cette loi. Il avait l'intention d'appliquer son veto pour l'année des élections, mais il ne s'agit là que d'un prétexte. Les Américains voulaient s'assurer de conserver le pouvoir du président des États-Unis.

Le sénateur Kelleher: Monsieur le ministre, le monde entier est au courant du conflit entre Cuba et les États-Unis. Sans blâmer qui que ce soit — ce n'est pas ce que je cherche —, pourriez-vous nous dire, si tel est le cas, quelles mesures Cuba a prises ou prend actuellement pour résoudre ce différend avec les États-Unis?

M. Gutiérrez: C'est comme si un agresseur demandait à la victime qu'il tient à la gorge ce qu'il doit faire pour ne pas la tuer. Si vous voulez une réponse, il vous faudra poser la question à l'agresseur. Tous les problèmes découlant des nationalisations d'entreprises ont été résolus, même ceux avec le Canada.

Le sénateur Kelleher: Il y a un conflit entre deux pays, à savoir Cuba et les États-Unis. J'ai constaté depuis toujours que, dans un conflit, personne n'a tout à fait raison et personne n'a tout à fait tort. Il incombe à chaque côté de tenter de régler les différends. Je ne fais porter le blâme à aucun des deux, mais je veux savoir quels efforts, si tel est le cas, Cuba est en train de déployer pour résoudre ce différend.

Il y a d'autres façons de résoudre un différend que de parler directement avec la personne avec laquelle vous êtes en conflit. Vous connaissez ce qu'on appelle les initiatives diplomatiques. Vous pouvez passer par des tierces parties; vous pouvez demander à d'autres personnes d'intervenir et de conclure une entente.

J'aimerais savoir ce que Cuba a l'intention de faire pour résoudre ce problème. Si Cuba veut se faire des amis et s'attirer la sympathie d'autres pays, il doit démontrer au reste du monde qu'il est prêt à faire des efforts pour régler ce différend. J'aimerais que le ministre nous dise ce que Cuba fait à cet égard.

M. Gutiérrez: Cuba n'a jamais posé de geste d'agression à l'endroit des États-Unis. C'est Cuba qui fait l'objet d'un blocus. Nous ne pouvons instaurer un blocus des États-Unis. Ce sont les États-Unis qui possèdent une base militaire à Cuba contre la volonté du peuple. Notre pays ne contrôle aucune région des États-Unis. Tous les gestes d'agression ont été posés par les États-Unis et non par Cuba.

Pour résoudre ce conflit, la première chose que les Américains doivent faire, c'est d'annuler le blocus et de s'asseoir avec nous pour aplanir nos différends. Cuba a toujours été prêt à discuter, mais les Américains ne semblent pas le vouloir. Ils préfèrent

seem to want to do that. They want to apply force. Our country is not disposed by any means to making any concessions where force is involved.

The problem that the United States has with Cuba is something that has to do with elections. The people in Florida have acquired a very big economic power. They can finance campaigns. The external policy of the Americans with respect to Cuba has been geared to and conditioned by this situation, and sometimes it is against the actual interests of the United States.

The Americans cannot travel to Cuba. They cannot invest in Cuba. That is prohibited by their government. They cannot acquire any Cuban goods. This is quite absurd, because the Cold War is finished. Previously, the condition for improving the relationship was for Cuba to break off its relationship with the Soviets. We did not break off our relationship the Soviet Union; it is simply that the Soviet Union no longer exists.

Cubans cannot do much more. The Americans continue to push the compromise further away, also damaging some other countries with laws such as this one that have extraterritorial character.

The Chairman: Honourable senators, I know the Minister and the members of the Cuban Parliament have other obligations, so we must not impose on them.

On behalf of the committee, I would like to say that we have enjoyed our meeting. We appreciate your candour. We hope that you will visit us again.

The committee adjourned.

recourir à la force. Notre pays n'est pas du tout disposé à faire des concessions lorsque la force est employée.

Le problème des États-Unis avec Cuba concerne les élections. Les gens qui habitent la Floride possèdent un énorme pouvoir économique. Ils peuvent financer des campagnes. La politique étrangère des États-Unis en ce qui concerne Cuba a été conçue en fonction de cette situation et va parfois à l'encontre des intérêts américains.

Les Américains ne peuvent venir à Cuba. Ils ne peuvent pas non plus y investir. Leur gouvernement le leur interdit. Ils ne peuvent acheter de marchandises cubaines. Tout ceci est assez ridicule, puisque la guerre froide est terminée. Les Américains exigeaient auparavant que Cuba mette un terme à ses relations avec les Soviétiques avant d'accepter d'améliorer les liens entre nos deux pays. Nous n'avons pas mis un terme à nos relations avec l'Union soviétique, car celle-ci n'existe plus.

Les Cubains ne peuvent aller beaucoup plus loin. Les Américains continuent de demander d'autres compromis, nuisant de cette façon à d'autres pays avec des lois, comme celle-ci, qui ont une portée extraterritoriale.

Le président: Honorables sénateurs, je sais que le ministre et les parlementaires cubains ont d'autres obligations. Nous ne devons donc pas abuser de leur gentillesse.

Au nom du comité, j'aimerais vous dire que nous avons trouvé cette rencontre agréable. Nous apprécions votre franchise et nous espérons que vous reviendrez nous voir.

La séance est levée.



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Second Session
Thirty-fifth Parliament, 1996

SENATE OF CANADA

*Proceedings of the Standing
Senate Committee on*

Foreign Affairs

Chairman:
The Honourable JOHN B. STEWART

Tuesday, June 4, 1996

Issue No. 3

Second Proceedings on:

Examination and reporting on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the European Union for economic, political, and defence relations between Canada and Europe

APPEARING:

The Honourable Art Eggleton, P.C., Minister for
International Trade.

WITNESSES:

(See back cover)

Deuxième session de la
trente-cinquième législature, 1996

SÉNAT DU CANADA

*Délibérations du comité
sénatorial permanent des*

Affaires étrangères

Président:
L'honorable JOHN B. STEWART

Le mardi 4 juin 1996

Fascicule n° 3

Deuxième réunion concernant:

L'étude des répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe

COMPARAÎT:

L'honorable Art Eggleton, c.p., ministre du
Commerce international.

TÉMOINS:

(Voir à l'endos)



THE STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable John B. Stewart, *Chairman*

The Honourable Pat Carney, P.C. *Deputy Chairman*

and

The Honourable Senators:

Andreychuk	Grafstein
Bacon	Kelleher
Bolduc	* Lynch-Staunton
Carney	(or Berntson)
Corbin	MacEachen, P.C.
* Fairbairn, P.C. (or Graham)	Ottenheimer
Gauthier	Stollery

* *Ex Officio Members*
(Quorum 4)

LE COMITÉ SÉNATORIAL PERMANENT DES AFFAIRES ÉTRANGÈRES

Président: L'honorable John B. Stewart

Vice-présidente: L'honorable Pat Carney, c.p.

et

Les honorables sénateurs:

Andreychuk	Grafstein
Bacon	Kelleher
Bolduc	* Lynch-Staunton
Carney	(ou Berntson)
Corbin	MacEachen, c.p.
* Fairbairn, c.p. (ou Graham)	Ottenheimer
Gauthier	Stollery

* *Membres d'office*
(Quorum 4)

MINUTES OF PROCEEDINGS

OTTAWA, Tuesday, June 4, 1996

(5)

[Translation]

The Standing Senate Committee on Foreign Affairs met this day at 4:05 p.m. in Room 256-S of the Centre Block, the Chairman, the Honourable John B. Stewart, presiding.

Members of the Committee present: The Honourable Senators Andreychuk, Bacon, Bolduc, Corbin, Grafstein, MacEachen, Ottenheimer, Stewart and Stollery. (9)

Also present: from the Research Branch of the Library of Parliament: Mr. Anthony Chapman, Economics Division.

In attendance: Official Senate reporters.

APPEARING:

The Honourable Art Eggleton, P.C., Minister for International Trade.

WITNESSES:

From the Department of Foreign Affairs and International Trade:

Jean-Pierre Juneau, Assistant Deputy Minister, Europe Branch;
Gordon Venner, Deputy Director, European Union Division;

Paul Haddow, Director, Tariffs and Market Access Division.

Pursuant to its Order of Reference of Wednesday, February 28, 1996, the Committee continued its proceedings on the examination and reporting on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the European Union for economic, political, and defence relations between Canada and Europe.

Mr. Eggleton made a presentation and along with Messrs Juneau, Venner and Haddow, answered questions.

At 5:48 p.m., the Committee adjourned to the call of the Chair.

ATTEST:

Le greffier du comité,

Serge Pelletier

Clerk of the Committee

PROCÈS-VERBAL

OTTAWA, le mardi 4 juin 1996

(5)

[Texte]

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui en séance publique, à 16 h 05, dans la pièce 256-S de l'édifice du Centre, sous la présidence de l'honorable John B. Stewart (*président*).

Membres du comité présents: Les honorables sénateurs Andreychuk, Bacon, Bolduc, Corbin, Grafstein, MacEachen, Ottenheimer, Stewart et Stollery. (9)

Également présent(s): du Service de recherche de la Bibliothèque du Parlement: M. Anthony Chapman, Division de l'économie.

Aussi présents: Les sténographes officiels du Sénat.

COMPARAÎT:

L'honorable Art Eggleton, c.p., ministre du Commerce international.

TÉMOINS:

Du Ministère des Affaires étrangères et du Commerce international:

Jean-Pierre Juneau, sous-ministre adjoint, Secteur de l'Europe;
Gordon Venner, directeur adjoint, Division de l'Union européenne;

Paul Haddow, directeur, Direction des droits de douanes et de l'accès aux marchés.

Conformément à son ordre de renvoi du mercredi 28 février 1996, le comité considère l'examen, pour en faire rapport, des répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe.

Monsieur Eggleton fait une présentation et lui et MM. Juneau, Venner et Haddow répondent aux questions.

À 17 h 48, le comité ajourne ses travaux jusqu'à nouvelle convocation de la présidence.

ATTESTÉ:

EVIDENCE

Ottawa, Tuesday, June 4, 1996

The Standing Senate Committee on Foreign Affairs met this day at 4:00 p.m. to examine the consequences of the economic integration of the European Union for the national governance of the member states and the consequences of the emergence of the European Union for economic, political, and defence relations between Canada and Europe.

Senator John B. Stewart (*Chairman*) in the Chair.

[*English*]

The Chairman: Honourable senators, we have with us today the Honourable Art Eggleton, Minister for International Trade to assist us in drawing our work on this reference to a conclusion.

Mr. Eggleton, please proceed with your opening statement, and then we will have some questions for you.

Hon. Art Eggleton, Minister for International Trade: Thank you, Mr. Chairman. I am pleased to be here today with my officials. With me are Jean-Pierre Juneau, Assistant Deputy Minister, Europe Branch; Gordon Venner, Deputy Director of the European Union Division; and Paul Haddow, Director of Tariffs and Market Division.

[*Translation*]

I do not need to remind honourable senators of the importance of the European Union. It is a vital market for Canadian exports of goods and services.

[*English*]

The EU is also Canada's second-largest market, second only to the United States. Canada's exports to the Union grew by 33 per cent in 1995, reaching some \$16 billion, almost three-quarters of which were fabricated materials or end products. Canada's imports from the Union amounted to some \$22.5 billion, which represented an increase of 23 per cent over 1994. While the balance is still in their favour, our exports are increasing.

A large percentage of our exports are high-value-added goods and business services, an ever-increasing sector. While there has been a decline since 1985 in exports of certain categories of food or inedible raw materials and fabricated products, there has been a steady increase in exports of high value-added manufactured or end products.

The Union is also Canada's second-largest foreign direct investor and the second-largest destination for Canadian investment abroad. The EU's direct investment into Canada reached \$36.2 billion in 1995 and represented 22 per cent of the total stock of FDI in Canada. Here I should note that the investment from the EU has been in areas of traditional

TÉMOIGNAGES

Ottawa, le mardi 4 juin 1996

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui à 16 heures pour examiner les répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe.

Le sénateur John B. Stewart (*président*) occupe le fauteuil.

[*Traduction*]

Le président: Honorables sénateurs, nous accueillons aujourd'hui l'honorable Art Eggleton, ministre du Commerce international, qui nous aidera à mener à terme nos travaux sur ce sujet.

Monsieur Eggleton, allez-y de vos remarques liminaires, je vous en prie; nous vous poserons ensuite quelques questions.

L'hon. Art Eggleton, ministre du Commerce international: Merci beaucoup, monsieur le président. Je suis heureux d'être ici aujourd'hui en compagnie de hauts fonctionnaires de mon Ministère. Je suis accompagné aujourd'hui de M. Jean-Pierre Juneau, sous-ministre adjoint, Secteur de l'Europe, de M. Gordon Venner, directeur adjoint, Division de l'Union européenne, et de M. Paul Haddow, directeur des droits de douanes et de l'accès aux marchés.

[*Français*]

Je n'ai pas besoin de rappeler, honorables sénateurs, l'importance de l'Union européenne. C'est un marché vital pour la survie du Canada.

[*Traduction*]

L'Union européenne est le deuxième débouché après les États-Unis. En 1995, les exportations de biens canadiens sur son territoire ont atteint 16 milliards de dollars, une progression de 33 p. 100 et près des trois quarts de ces importations étaient des demi-produits ou des produits finals. Les importations en provenance de l'UE ont pour leur part totalisé 22,5 milliards de dollars, soit une augmentation de 23 p. 100 par rapport à 1994. Même si la balance est en leur faveur, nos exportations sont à la hausse.

Les exportations canadiennes sur le marché de l'UE comportent un pourcentage élevé de biens à forte valeur ajoutée et un volume en augmentation constante de services commerciaux. S'il y a eu depuis 1985 une diminution des exportations de certaines catégories de produits alimentaires, de produits bruts non comestibles et de demi-produits, il y a eu en contrepartie une augmentation régulière des exportations manufacturées ou finales à haute valeur ajoutée.

L'UE est aussi la deuxième source d'investissements directs étrangers au Canada et la deuxième destination des investissements canadiens à l'étranger. Les investissements directs de l'UE au Canada ont atteint 36,2 milliards en 1995 et représentent 22 p. 100 du stock des investissements directs étrangers au Canada. Je devrais mentionner ici que les investissements de l'UE

importance to Canada such as financial services and industrial production. On the other side of the coin, our investment into the EU amounted to \$28 billion in 1995, representing 20 per cent of total Canadian FDI abroad.

Canada is a profitable home to over 4,000 subsidiaries of European companies. Many hold regional or global mandates for research and development or manufacturing and then export into those markets as part of that mandate. These small and medium-sized subsidiaries act as important channels for transfer of management expertise and advanced technologies to Canada.

Given the tremendous volume of Canada-EU trade and investment, the percentage affected by irritants is minimal; however, issues that do arise generally prove very difficult to resolve.

We were able to make substantial progress last December when we negotiated an agreement with the Union on a broad range of outstanding trade issues. We successfully completed negotiations with the EU under Article XXIV:6 of the GATT, which deals with compensation to Canada for the latest round of EU expansion to include three new countries. This agreement also settles Canada's outstanding rights on barley stemming from earlier EU expansions, beef countervail and cheese quota issues.

In addition, that agreement provided for an interim solution with respect to the EU's implementation of its obligations on grain under the Uruguay Round dealing with agriculture issues.

We are also looking at the consequences of future expansion of the EU eastward. By 2025, a union of some 25 to 27 member states could have a population approaching half a billion persons — third in size after China and India. The economic potential of such a vast and wealthy market is enormous. Canada must be ready to take advantage of union expansion by encouraging Canadian business to look eastward toward Central and Eastern Europe.

Developments in the Union, such as expansion and monetary union, will form the basis of some of the fundamental issues that Canada must face with regard to the European continent as we enter the next century. Therefore, a detailed examination of a maturing European Union is required which will entail in-depth research and analysis. With this in mind, my department is in the process of conducting a number of studies which should be completed by March 1997.

A top priority for Canada is an EU directive that would ban the import of fur from 13 species of animals, effective January 1, 1997. We are working on with other countries to deal with the issue of leg-hold traps, and we hope to meet that deadline with a resolution.

sont dans des secteurs qui traditionnellement ont revêtu de l'importance pour le développement économique du Canada, par exemple les services financiers et la production industrielle. Par contre, les investissements canadiens dans l'UE ont atteint 28 milliards de dollars en 1995, soit 20 p. 100 de l'ensemble des investissements directs du Canada à l'étranger.

Le Canada constitue un milieu profitable pour plus de 4 000 filiales de sociétés européennes. De nombreuses autres firmes ont des mandats régionaux ou mondiaux en R-D ou en production. Ces filiales constituent d'importants véhicules pour le transfert au Canada, et tout particulièrement à la petite et moyenne entreprise, de compétences en gestion et de technologies de pointe.

Vu l'énorme volume du commerce et des investissements Canada-UE, le nombre de points de friction est minime. Toutefois, les difficultés qui surgissent sont généralement difficiles à résoudre.

Nous avons néanmoins pu faire des progrès substantiels en décembre dernier quand nous avons négocié avec l'Union une entente sur une large gamme de problèmes commerciaux. Nous avons mené à terme les négociations en vertu du GATT (article XXIV:6) sur la compensation à verser au Canada à la suite de l'adhésion de trois nouveaux pays à l'UE. Cette entente règle aussi la question des droits du Canada en ce qui concerne ses exportations d'orge à la suite d'expansions antérieures de l'UE ainsi que les questions des droits compensateurs sur le boeuf et des contingents sur le fromage.

De plus, l'entente met en place une solution provisoire en ce qui a trait aux obligations de l'UE relativement au commerce céréalier en vertu de l'accord sur l'agriculture issu de l'Uruguay Round.

Nous examinons aussi les conséquences d'une expansion future de l'UE à l'Est. D'ici à 2025, une Union européenne regroupant de 25 à 27 États membres pourrait compter près d'un demi-milliard d'habitants — ce qui la placerait au troisième rang derrière la Chine et l'Inde, en termes de population. Le potentiel économique d'un marché aussi vaste et riche est énorme et le Canada doit être prêt à exploiter cette expansion en encourageant les entreprises canadiennes à prospecter l'Europe centrale et l'Europe de l'Est.

Les développements qui auront lieu au sein de l'UE, par exemple l'élargissement et l'union monétaire, sont à la base de certaines des questions fondamentales que le Canada doit se poser au sujet du continent européen à l'aube d'un nouveau siècle. Il faut donc procéder à un examen rigoureux de l'évolution de l'UE, ce qui nécessitera des recherches et des analyses approfondies. Dans cette perspective, mon ministère effectue actuellement des études qui devraient être terminées en mars 1997.

Le Canada se préoccupe tout particulièrement d'une directive de l'UE qui interdirait l'importation des fourrures de treize espèces animales. Cette interdiction doit entrer en vigueur le 1^{er} janvier 1997. Nous cherchons de concert avec d'autres pays une solution en ce qui a trait au piégeage non cruel et nous espérons y parvenir avant cette date.

Other trade irritants we are currently managing include the European Union's ban on imports of untreated lumber and Italy's efforts to restrict imports of bovine semen. The EU also continues to object to a Canadian countervail on beef shipments, our failure to comply with their requests in terms of wine appellations. Provincial liquor board practices are also of some concern to them. These are not, by and large, major concerns but they are still irritations.

We do share some concerns, particularly about extraterritorial application of U.S. law. Measures in the Helms-Burton Act set a dangerous precedent that could seriously damage the international investment system and global trading environment. The European Commission and Parliament has also criticized the U.S. legislation. The EU Parliament passed a resolution which condemns the Helms-Burton Act and all the unilateral measures adopted by the U.S. against world free trade.

It is important that international pressure be maintained on the American administration to exercise its discretionary authority and to minimize the effects of the Helms-Burton Act on third countries. Canada is considering amending its Foreign Extraterritorial Measures Act to counter the effects of the Helms-Burton Act. If other countries take similar action, this would increase pressure on the United States.

Canada and the European Union rely on the World Trade Organization to provide the framework for our rules-based trading relationship. Since 1976, we have also relied on a Framework Agreement for Economic Cooperation to manage bilateral economic and trade relations. The agreement provides for annual consultations at the ministerial level as well as an extensive series of consultations among officials responsible for various economic sectors. The last such ministerial meeting was held on March 18, in which I participated with Sir Leon Britten from the European Union.

Canada remains one of very few nations in the world which must export to the Union over the full common customs tariff. The United States, Japan, Australia and New Zealand are the others in this category.

Even after reducing tariffs under the Uruguay Round, the Union will still levy significant duties on such products as aluminum, copper and other nonferrous metals, chemicals, telecommunications equipment, fish and consumer packaged-fish products, agricultural products, and wood products. Duties on these goods range from 3 to 10 per cent and up to 25 per cent for certain fish products.

Canada could better compete in the European market if we had a level playing field with other countries already granted preferential entry. I raised this matter at the quadrilateral meeting that was held recently in Kobe, Japan, and hopefully we will be able to make some progress in some of these areas before long.

Parmi les autres irritants commerciaux que nous gérons actuellement, on retrouve l'embargo de l'UE sur les importations de bois d'oeuvre non traité et les efforts de l'Italie pour restreindre les importations de semence bovine. L'UE continue également de s'opposer aux droits compensateurs canadiens sur ses exportations de boeuf ainsi que de s'objecter au fait que nous n'observons pas les appellations d'origine du vin et aux pratiques des régies provinciales des alcools. Il ne s'agit pas dans l'ensemble de préoccupations importantes mais cela reste malgré tout des irritants.

Le Canada et l'UE s'inquiètent de l'application extraterritoriale des lois américaines. Certaines des mesures que renferme la Loi Helms-Burton créent un dangereux précédent qui pourrait sérieusement endommager le système de l'investissement international et l'environnement commercial mondial. La Commission et le Parlement européens ont eux aussi critiqué la loi américaine et leur Parlement a voté une résolution qui condamne la Loi Helms-Burton et toutes les mesures unilatérales adoptées par les États-Unis contre le libre commerce mondial.

Il est important de maintenir la pression internationale sur l'administration américaine afin qu'elle exerce ses pouvoirs discrétionnaires et qu'elle atténue l'effet de la Loi Helms-Burton sur les pays tiers. Le Canada envisage de modifier sa Loi sur les mesures extraterritoriales étrangères afin de contrer les effets de la Loi Helms-Burton. Si d'autres pays prennent des mesures similaires, cela augmentera la pression sur les États-Unis.

Le Canada et l'Union européenne comptent sur l'Organisation mondiale du commerce pour assurer le cadre de nos relations commerciales fondées sur des règles. Mais depuis 1976, nous avons aussi recouru à l'Accord-cadre de coopération économique pour gérer nos relations économiques et commerciales bilatérales. L'Accord prévoit des consultations annuelles au niveau ministériel ainsi que des consultations intensives au niveau des fonctionnaires responsables des divers secteurs économiques. La dernière réunion à ce niveau a eu lieu le 18 mars et j'y ai participé avec sir Leon Britten de l'Union européenne.

Le Canada reste l'une des rares nations dans le monde qui doivent encore exporter à un tarif supérieur au tarif douanier commun. Les autres pays dans cette situation sont les États-Unis, le Japon, l'Australie et la Nouvelle-Zélande.

Même après avoir réduit les tarifs conformément aux accords de l'Uruguay Round, l'Union continue d'imposer des droits importants sur des produits comme l'aluminium, le cuivre et d'autres métaux non ferreux, les produits chimiques, le matériel de télécommunications, le poisson et les produits du poisson, les produits agricoles et les produits du bois. Les droits sur ces produits vont de 3 à 10 p. 100 et atteignent même 25 p. 100 sur certains produits du poisson.

Le Canada serait plus concurrentiel sur le marché européen s'il bénéficiait des mêmes règles qui s'appliquent aux pays ayant déjà une entrée préférentielle. J'ai soulevé cette question à la réunion quadrilatérale qui a récemment eu lieu à Kobe au Japon et nous espérons améliorer quelque peu la situation dans certains de ces secteurs d'ici peu.

The accelerated pace of change that has taken place in the Union over the last few years, the consolidation of the single market, the recent enlargement and the implementation of a series of free trade agreements with Central and Eastern European countries have also changed the nature of the marketplace in Europe. These changes also present great challenges to Canada. It means tougher competition, non-tariff barriers and increased competition with Canada when it comes to foreign investment.

On the other hand, the single market and the transition to market economies in Central and Eastern Europe will promote growth and stimulate demand for imports, creating greater opportunities for Canadian business. The Canadian government is closely monitoring the European Monetary Union process. Because it is still not certain how EMU will be implemented — for example, how many European Union countries will be joining it — the implications for Canada are not yet clear. Projections are highly speculative at this point, which is why we are engaged in an in-depth study on this issue.

Given the size of our trade and investment relations with Europe, there is now a need to move from a transatlantic structure defined primarily by strategic imperatives to one that is increasingly defined by our shared economic interest, reflecting trade liberalization efforts in other regions of the world, APEC and the Free Trade Agreement of the Americas, et cetera. The new transatlantic initiative is designed to serve that purpose.

[Translation]

At this moment we are at a critical stage in our negotiations for a political declaration and action plan with the European Union.

[English]

We have narrowed our disagreements down to some very key issues. We are at a critical stage in the negotiations, with the ministerial meeting of the European Union occurring in a few days, on June 18. If an agreement is to be reached before the end of the current Italian presidency period at the end of June, then you can readily understand that the negotiations now under way are critical. We have to come up with a good agreement for Canada; otherwise, we will not be able to proceed in the desired time frame.

We have suggested the agreement include a joint study on transatlantic trade liberalization, or the transatlantic marketplace as it has been referred to in the United States action plan. We also seek language which will recognize our key role in transatlantic economic relations with the European Union and the United States. We also have proposed important initiatives in the cultural field, particularly in audio and audio-visual cooperation and films, which we would like to see reflected in the agreement.

The resolution of these issues and others will determine whether we do, in fact, reach an agreement. There is also, of course, the matter of the United Kingdom's fight with the

L'accélération du rythme des changements au sein de l'UE ces dernières années, à savoir la consolidation du marché unique, l'élargissement récent et la conclusion d'une série d'accords de libre-échange avec des pays de l'Europe centrale et orientale, a aussi modifié la nature du marché européen. Ces changements présentent aussi des défis de taille pour le Canada: concurrence plus vive, obstacles non tarifaires et rivalité plus grande dans la course aux investissements étrangers.

Parallèlement, le marché unique et la transition des pays d'Europe centrale et orientale à une économie de marché favoriseront la croissance et stimuleront la demande d'importations, ce qui ne manquera pas de profiter aux entreprises canadiennes. Le gouvernement canadien suit de près le processus de l'union monétaire européenne. Comme il subsiste des interrogations quant à la mise en oeuvre de l'UME, par exemple le nombre de pays de l'UE qui y adhéreront, on ne sait pas encore clairement quelles seront les implications pour le Canada. Toutes les projections faites actuellement sont hautement spéculatives et c'est pourquoi nous avons entrepris une étude exhaustive de la question.

Vu l'importance de nos relations de commerce et d'investissement avec l'Europe, il nous faut maintenant axer notre relation non plus principalement sur les impératifs stratégiques mais de plus en plus sur nos intérêts économiques communs, reflétant en cela les efforts de libéralisation du commerce dans d'autres régions du monde (l'APEC, les Amériques et cetera). C'est précisément ce à quoi doit servir la nouvelle initiative transatlantique.

[Français]

Nous en sommes à un stade critique avec l'Union européenne sur une déclaration politique et sur un plan d'action.

[Traduction]

Nous avons réduit nos points de désaccord à l'essentiel. Nous en sommes à un stade critique dans nos négociations, la réunion ministérielle de l'Union européenne ayant lieu dans quelques jours, c'est-à-dire le 18 juin. Si une entente doit être conclue avant la fin de la période de l'élection à la présidence en Italie à la fin de juin, alors vous pouvez facilement comprendre l'importance cruciale que revêtent les négociations en cours. Nous devons conclure une bonne entente pour le Canada, sinon nous ne pourrions procéder selon l'échéancier souhaité.

Nous avons proposé que l'entente comporte une étude conjointe sur la libéralisation du commerce transatlantique ou du marché transatlantique comme y font référence les États-Unis dans leur plan d'action. Nous voulons aussi un libellé qui reconnaisse notre rôle clé dans les relations économiques transatlantiques à titre de partenaire de l'UE et des États-Unis. Nous avons aussi proposé l'inclusion d'initiatives culturelles importantes dans l'entente, surtout en matière de coopération audio et audiovisuelle de même que cinématographique.

Si nous parvenons à régler ces questions et d'autres points de désaccord, une entente sera conclue. Il y a aussi bien sûr la question du combat que se livrent le Royaume-Uni et l'Union

European Union over the mad cow disease and resultant boycotting measures that will come before the ministers.

Our efforts to expand Canada's trade horizons do not stop with Europe. As you are aware, opportunities for export growth and investment in the American hemisphere are quite good. If current trends continue, by the year 2000 our hemisphere will boast a combined population of over 750 million and a GDP of over \$9 trillion.

Canadian exports to Latin America almost doubled in four years, from \$2.6 billion to \$5 billion. This is more than our exports to France and Germany combined, just to give you some perspective on it. Canadian investment in the Americas has also grown from \$6 billion to \$13 billion over the last four years.

The extensive bilateral activity and dramatic pace of unilateral trade liberalization in the Americas has led to the objective of creating a free trade area of the Americas, or FTAA, which would link the continents and the islands in the Caribbean under a single trade and investment regime. When leaders met in Miami in 1994, they committed themselves to the goal of completing negotiations on an FTAA by 2005, a very ambitious schedule. That means that substantial progress would have to be made by the end of this century, and Canada is seeking early concrete progress on the creation of the FTAA. We believe that we have to be in a position to start negotiations toward the agreement next year if we are going to meet this very ambitious time frame.

We are also engaged in the negotiation of an interim bilateral free trade agreement with Chile. Negotiations are going on right now in Ottawa which will further Canadian trade and investment interests and act as a bridging arrangement pending Chile's full accession to NAFTA. The United States is not able to fast-track the Chilean negotiations at this time, so we are proceeding on a bilateral basis.

Chile, I should point out, is one of the strongest, most stable and fastest-growing of the larger Latin American economies. Two-way Canada-Chile trade has more than doubled over the past decade, reaching a high of \$665 million in 1995. Canadian exports to Chile are at \$386.1 million, up 20 per cent over 1994. Even more impressive are the investments, both those that are in place and those that are planned, which total some \$7 billion. Chile is clearly a strong economy where Canadians can do business successfully.

Mr. Chairman, let me conclude with a word about the Pacific dimension of our economic and trade relations. Rapid growth in the economies of the Asia Pacific region has increasingly caught the attention of observers. Building on high domestic savings rates and soundly managed economies, the Asian tigers — Hong Kong, Taiwan and Korea — and the ASEAN countries have followed in the footsteps of Japan. In all of these cases, growth in imports to these economies outpaces overall GNP growth by a considerable

européenne au sujet de la maladie de la vache folle et des mesures de boycottage que celle-ci a suscité et qui sera examinée par les ministres.

Nos efforts en vue d'élargir les horizons commerciaux du Canada ne s'arrêtent pas à l'Europe. Comme vous le savez, les perspectives de croissance des exportations et de l'investissement dans l'hémisphère américain sont exceptionnelles. Si la tendance se maintient, d'ici à l'an 2000, notre hémisphère comptera plus de 750 millions d'habitants et aura un PIB de plus de 9 billions de dollars.

Les exportations du Canada en Amérique latine ont presque doublé depuis quatre ans, passant de 2,6 à 5 milliards de dollars, soit plus que nos exportations combinées vers la France et l'Allemagne, pour vous donner une petite idée de ce qu'il en est. Durant la même période, nos investissements dans les Amériques ont grimpé de 6 à 13 milliards de dollars.

L'ampleur des activités bilatérales et le rythme dramatique des mesures unilatérales de libéralisation du commerce dans la région ont conduit à vouloir créer une zone de libre-échange des Amériques (ZLEA) qui réunirait les continents et les îles des Antilles. Les dirigeants réunis à Miami au sommet des Amériques en 1994 se sont engagés à compléter les négociations sur l'ALÉA d'ici à 2005 et à réaliser à cet égard des progrès substantiels d'ici à la fin du siècle. Le Canada veut des progrès rapides et concrets dans ce dossier. Nous croyons que les pays devraient être prêts à discuter du moment du lancement des négociations officielles dès l'an prochain.

D'autre part, le Canada négocie actuellement avec le Chili un accord intérimaire de libre-échange. Les négociations sont présentement en cours à Ottawa et favoriseront nos intérêts commerciaux et d'investissement sans compter qu'elles serviront d'arrangement transitoire dans l'attente de l'accession de ce pays à l'ALÉNA. Comme les États-Unis ne sont pas pour l'instant en mesure d'accélérer les négociations avec le Chili, nous procédons de façon bilatérale.

Parmi les grandes économies latino-américaines je devrais dire que l'économie chilienne est l'une des plus fortes et des plus stables et l'une de celle où le taux de croissance est le plus rapide. Notre commerce bilatéral a plus que doublé depuis dix ans, atteignant un sommet de 665 millions en 1995. Les exportations canadiennes, 386,1 millions de dollars étaient en hausse de 20 p. 100 par rapport à 1994. Encore plus impressionnants sont les investissements, tant ceux qui sont en place que ceux qui sont prévus, qui totalisent quelque 7 milliards de dollars. Ce pays est clairement une économie solide où les Canadiens peuvent de bonnes affaires.

Monsieur le président, je voudrais conclure par quelques mots sur la dimension «Pacifique» de nos relations économiques et commerciales. La croissance rapide des économies de la région Asie-Pacifique a de plus en plus retenu l'attention des observateurs. Faisant fond sur des taux élevés d'épargne intérieure et sur une saine gestion économique, les tigres de l'Asie — Hong Kong, Taïwan et la Corée — et les pays de l'ASEAN ont suivi l'exemple du Japon. Dans tous ces cas, la croissance des importations

margin. Rapidly expanding middle classes bring the promise of continuing consumer demand.

Canada's foremost window in this dynamic region comes via our participation in APEC, the Asia Pacific Economic Cooperation forum. At the 1994 meeting of APEC, leaders set the challenging goal of achieving free and open trade in the region by the year 2010 and by the year 2020 in the case of the developing economies.

In 1997 Canada assumes the chair of APEC for that year, and we have designated 1997 as Canada's year of the Asia Pacific. We hope to work actively with partners in the private sector and NGOs across the country. Our objective is to have a legacy of greater Canadian engagement and activity in Asia which will help build growth and prosperity in Canada into the next century. The active support of this committee through 1997 will be an enormous asset in supporting our efforts. We need to create a greater awareness about the potential in that market for Canadians, not just out on the West Coast, where there is a greater awareness, but throughout Canada.

[Translation]

The Canadian government is vigorously engaging the European Union, South America and Asia to develop closer political and economic ties.

[English]

Mr. Chairman, I now welcome your questions.

The Chairman: Thank you, minister.

Senator Andreychuk: It seems that, as the European Community expands, we are increasingly being marginalized to a position of compensating for the markets we are losing. When the Foreign Minister of Poland was here recently, I asked him whether Poland had thought of increasing trade and investment with Canada rather than looking to Europe and to joining the Union where they might have march to that tune more than their own initiatives. He said, quite candidly, that their first priority was to join the Union and that all else was secondary.

Our experience has been that, when the expansion occurs, we have to fight for our fair share or compensate for our losses. Are there any new strategies or initiatives in your department to get ahead of the game? My concern is that we are losing ground and perhaps not getting first dibs on those markets where we might have some unique perspectives, and that we are losing opportunities in commodities and services for small and medium-sized areas of the country which desperately need these markets.

While global figures indicated that our overall trade is increasing, are there any statistics which indicate how individual regions of Canada are affected?

dépasse largement la croissance globale du PNB. Les classes moyennes, qui prennent rapidement de l'ampleur, sont le gage du maintien de la demande de consommation.

Le Canada a accès à cette région dynamique principalement grâce à sa participation au mécanisme de coopération économique Asie-Pacifique, l'APEC. À la réunion de 1994 des dirigeants de l'APEC à Bogor, en Indonésie, les participants se sont fixé comme défi d'instaurer le libre-échange dans la région d'ici à 2010, et d'ici à 2020 dans le cas des économies en développement.

En désignant 1997 comme l'année Asie-Pacifique du Canada, nous espérons travailler activement avec nos partenaires du secteur privé et avec les ONG à travers le pays. Notre objectif est d'instituer la tradition d'une participation et d'une activité plus grandes du Canada en Asie et de faire fond sur cette tradition pour assurer la croissance et la prospérité du Canada dans le prochain siècle. L'appui actif de votre comité revêtira à cet égard une importance énorme. Nous devons sensibiliser les Canadiens aux débouchés qu'offre ce marché, non seulement les Canadiens de la côte Ouest, qui sont déjà conscients de l'importance de celui-ci, mais les Canadiens de toutes les régions du pays.

[Français]

Le gouvernement canadien incite vigoureusement l'Union européenne, l'Amérique du sud et l'Asie à développer des liens politiques et économiques à plusieurs endroits.

[Traduction]

Monsieur le président, je serai heureux de répondre à vos questions.

Le président: Merci, monsieur le ministre.

Le sénateur Andreychuk: Il me semble que, au fur et à mesure que la Communauté européenne prend de l'expansion, nous sommes de plus en plus contraints de trouver de nouveaux marchés pour remplacer ceux que nous perdons. Lorsque le ministre polonais des Affaires étrangères est venu au Canada récemment, je lui ai demandé si la Pologne envisageait d'accroître ses échanges de même que ses investissements avec le Canada, plutôt que de se tourner vers l'Europe et de se joindre l'Union, où elle sera obligée de se conformer aux politiques de celle-ci. Il a dit très franchement que la priorité première de la Pologne était d'intégrer l'Union, et que tout le reste était secondaire.

Nous savons par expérience que lorsqu'une expansion se produit, nous devons lutter pour obtenir notre juste part des marchés ou atténuer nos pertes. Est-ce que votre ministère a mis au point de nouvelles stratégies ou initiatives pour se préparer à l'avance? Je crains que nous ne perdions du terrain, que nous n'ayons pas accès assez rapidement à des marchés qui pourraient nous offrir des perspectives intéressantes, et aussi que nous ne perdions des marchés de produits et de services dont ont désespérément besoin les petites et moyennes entreprises au Canada.

Bien que les chiffres indiquent que le volume de nos échanges augmente, disposez-vous de statistiques qui montrent comment s'en tirent les régions individuelles au Canada?

Let me give you an example. We were exporting potatoes to Europe, but to only three countries. When other countries joined the European Union, we began to lose our fair share, which had a dramatic effect on Atlantic Canada.

How can we take advantage of the expansion and, at the same, ensure that we are not losing investments and opportunities for small- and medium-sized industries in all regions of Canada?

Mr. Eggleton: As I indicated earlier, this is one of the areas where there are studies under way. I will ask the officials who are engaged in those studies to respond further, if they wish.

Mr. Gordon Venner, Deputy Director, European Union Division, Department of Foreign Affairs and International Trade: We have had some success in our compensation negotiations in not only protecting our traditional exports but also in gaining improved access for some products. In December, for example, we were able to sign an agreement on oats for racehorses for a small production facility in Western Canada. Not only were we able to gain access to preserve the existing exports into the EU market, but we also obtained a quota that probably will lead to an increase in those exports. That is a difficult thing to do, but every time you can do it, it adds up.

In terms of what we are doing proactively, the minister referred to the action plan and the efforts being made to liberalize trade between Canada and the European Union in the long term.

Senator Andreychuk: I am pleased that you mention in your notes that the Helms-Burton Act is not a Cuban issue, but that it is a violation of international law which has long troubled you. I agree, and I am pleased to see that you are moving in that direction.

Mr. Eggleton: We are continuing to pursue that matter. We are getting a great deal of support and cooperation from the European Union on that matter; as well, we are pursuing it through NAFTA.

It is a violation of international law, but also a violation of our trading agreement with the United States and Mexico under NAFTA; therefore, we would support Mexico in pursuing that as well. We are also looking at possible amendments to the Foreign Extraterritorial Measures Act to protect Canadian businesses which are lawfully doing business in Cuba.

The Chairman: You mentioned in your opening statement that a number of studies are ongoing concerning the influence, the results of European Union enlargement and of monetary union, which are to be completed by March 1997. Could you give us a list of those studies. It would be interesting to know whether that work is being done within the department or whether some of it is being contracted out.

Permettez-moi de vous donner un exemple. Nous exportons des pommes de terre en Europe, mais vers trois pays seulement. Lorsque d'autres pays ont intégré l'Union européenne, nous avons commencé à perdre notre juste part de ce marché, et la région de l'Atlantique en a beaucoup souffert.

Comment pouvons-nous tirer parti de cette expansion et, en même temps, protéger les investissements et les débouchés des petites et moyennes industries au Canada?

M. Eggleton: Comme je l'ai dit plus tôt, cette question fait actuellement l'objet d'études. Mes fonctionnaires qui s'occupent de ces études peuvent vous donner plus de renseignements à ce sujet.

M. Gordon Venner, directeur adjoint, Direction de l'Union européenne, ministère des Affaires étrangères et du Commerce international: Nous avons réussi, dans le cadre de nos négociations sur les accords de compensation, non seulement à protéger nos exportations traditionnelles, mais également à améliorer l'accès à d'autres catégories de produits. En décembre, par exemple, nous avons signé une entente qui permettra à une petite entreprise de l'Ouest canadien d'exporter de l'avoine pour chevaux de course. Nous avons non seulement réussi à protéger nos marchés d'exportation existants au sein de l'Union européenne, mais également à obtenir un quota qui nous permettra sans doute d'accroître ces exportations. La démarche est difficile, mais chaque pas en avant constitue un gain.

Pour ce qui est des mesures concrètes que nous avons prises, le ministre a parlé du plan d'action et des efforts entrepris dans le but de libéraliser le commerce entre le Canada et l'Union européenne à long terme.

Le sénateur Andreychuk: Je suis contente de vous entendre dire que la loi Helms-Burton n'est pas une question qui intéresse Cuba, mais une violation du droit international qui vous préoccupe depuis longtemps. Je partage votre avis, et je suis contente de voir que vous intervenez dans ce dossier.

M. Eggleton: Nous continuons de travailler là-dessus. Nous avons obtenu beaucoup d'aide et de coopération de l'Union européenne. Nous comptons également prendre des mesures dans le cadre de l'ALÉNA.

Cette loi viole non seulement le droit international, mais également notre accord commercial avec les États-Unis et le Mexique en vertu de l'ALÉNA. Par conséquent, nous sommes prêts à appuyer les efforts du Mexique dans ce dossier. Nous envisageons également de modifier la Loi sur les mesures extraterritoriales étrangères afin de protéger les entreprises canadiennes qui font affaire, légalement, avec Cuba.

Le président: Vous avez dit dans votre déclaration que le ministère effectue actuellement plusieurs études sur les conséquences de l'élargissement de l'Union européenne et de l'union monétaire. Ces études devraient être terminées en mars 1997. Pouvez-vous nous donner une liste de ces études? Je serais curieux de savoir si c'est le ministère qui mène ces études ou si une partie du travail est effectué à contrat.

For example, are you examining the effects of the enlargement of the European Union on international agencies or the allocation of voting power at the International Monetary Fund? Are you examining the whole question of the composition of the G-7, or do the Europeans have it both ways? When they are considering an international agency, each of the major countries counts as one; however, when they confront us on trade matters such as we have just discussed, they say that you cannot have special arrangements with, let us say, France or Germany or Great Britain, but that you have to deal with the European Union as a whole, as one. Do you have a study on the influence of the enlargement of the Union on international, political and economic institutions, perhaps even the UN?

Mr. Eggleton: The short answer to your last question is yes, but let me indicate to you what the four studies are: first, the effect of monetary union on Canada's global competitive position; second, enlargement of the European Union to include Central and East European countries, Malta and Cyprus, possibly resulting in a diversion of trade and investment flows from Canada; third, the effects of European enlargement on international organizations; and, fourth, development of the European Union common foreign and security policy.

Mr. Jean-Pierre Juneau, Assistant Deputy Minister, Europe Branch, Department of Foreign Affairs and International Trade: The question of the European Union situation is a complex issue. For example, when we speak about trade policy issues, it is quite clear that the whole responsibility to negotiate on behalf of these European countries has been transferred to the European Commission. That is why we meet every year with Sir Leon Britten who has the mandate to negotiate those issues.

Voting rights and international organizations are also a complicated issue. For example, when they were looking for a new secretary-general for the USC, Canada took the decision to support any candidate coming out of Central or Eastern Europe. They could not agree on that. Then the European Union decided to present an Italian candidate. We presented our own candidate just to prove the point that we do not accept that in these organizations. It is fair for the 15 members of the European Union to vote as a group for the same candidate. Obviously, our candidate was not elected; the Italian candidate was elected. More and more countries are sensitive to that particular problem.

The United Nations Security Council is a complex issue. It is difficult to see how the Security Council is going to be expanded in the future, and nobody is seriously considering the possibility of replacing France and Great Britain by one EU representative that would have a right of veto. The same thing applies with the G-7 countries. In fact, as far as the G-7 group is concerned, eventually this group may be restricted to basically the United

Par exemple, allez-vous examiner les conséquences de l'élargissement de l'Union européenne sur les organismes internationaux ou les droits de vote des pays membres du Fonds monétaire international? Allez-vous vous pencher sur la composition du G-7, ou est-ce que les Européens gagnent sur les deux fronts? Lorsqu'il est question d'examiner la situation d'un organisme international par exemple, chacune des grandes puissances est considérée comme une entité distincte. Toutefois, lorsqu'il est question de différends commerciaux comme ceux que vous venez de mentionner, ils disent que vous ne pouvez conclure des arrangements spéciaux avec, disons, la France, l'Allemagne ou la Grande-Bretagne, mais que vous devez traiter avec l'Union européenne en bloc. Allez-vous examiner l'impact qu'a l'élargissement de l'Union européenne sur les institutions internationales, politiques et économiques, et peut-être même sur les Nations Unies?

M. Eggleton: La réponse à votre dernière question est oui. Mais permettez-moi de vous donner la liste des quatre études: la première porte sur les conséquences de l'union monétaire sur la position concurrentielle globale du Canada; la deuxième porte les conséquences de l'adhésion à l'Union européenne des pays d'Europe centrale et orientale, de Malte et de Chypre, ce qui risque d'entraîner une baisse des échanges et des investissements au Canada; la troisième porte sur les conséquences de l'élargissement de l'Union européenne sur les organisations internationales; et, la quatrième, sur l'élaboration d'une politique étrangère et de sécurité commune pour l'Union européenne.

M. Jean-Pierre Juneau, sous-ministre adjoint, Secteur de l'Europe, ministère des Affaires étrangères et du Commerce international: La question de l'Union européenne est complexe. Par exemple, en ce qui concerne la politique commerciale, il est clair évident que la responsabilité de négocier au nom de ces pays européens a été transférée à la Commission européenne. C'est pour cette raison que nous rencontrons tous les ans sir Leon Britten, le responsable de ce dossier.

Les droits de vote et les organismes internationaux constituent également un sujet complexe. Par exemple, lorsque est venu le temps de choisir un nouveau secrétaire général pour l'USC, le Canada a décidé d'appuyer n'importe quel candidat venant d'un pays d'Europe centrale ou orientale. Les membres ne pouvaient s'entendre là-dessus. L'Union européenne a ensuite décidé de proposer un candidat italien. Nous avons proposé notre propre candidat dans le simple but de montrer que nous ne pouvions accepter ce genre de comportement au sein de ces organismes. Il est normal que les 15 pays membres de l'Union européenne votent en bloc pour le même candidat. Évidemment, notre candidat n'a pas été retenu; c'est donc le candidat italien qui a été choisi. De plus en plus de pays sont conscients du fait que cette question pose problème.

Le Conseil de sécurité des Nations Unies constitue un autre dossier complexe. On ne sait pas comment se fera l'élargissement du Conseil de sécurité, et personne n'envisage sérieusement de remplacer la France et la Grande-Bretagne par un représentant de l'UE qui aurait un droit de veto. Il en va de même pour le G-7. En fait, il est possible que ce groupe ne soit un jour composé que des États-Unis, du Japon et de l'Union européenne. L'Union euro-

States, Japan and the European Union. The European Union is already there, but there is also Germany, Italy, France and the United Kingdom. This is a question that we are following closely.

At the OECD we are successful with our candidates from time to time, but it is a complicated issue and a delicate issue. Therefore, we want to study it a bit further to see the implications it can have on the role of Canada in international organizations.

The Chairman: I suppose the G-7 example is a fairly dramatic one. The European Union has four of seven places in the G-7.

Mr. Eggleton: Yes. However, on trade issues they have only one voice: they are one of four.

Senator Grafstein: First, let me welcome the minister to this committee. I had the opportunity to travel with the minister in his previous capacity as mayor, when he led the twinning of Toronto with Chungking, which was quite a pioneering effort. I was privileged to be the deputy chairman of that delegation. Then we travelled together to Germany when Toronto twinned with Frankfurt, to ensure a great commonality of financial interests. I was also deputy chairman of that delegation.

I can tell you that the minister comes with superb negotiating skills in many languages and in many regions, and I am delighted that he has taken on this complex and difficult portfolio, which is crucial to those of us who live in the greater metropolitan region.

Having said that my sense is that we don't quite have our priorities articulated on the question of public policy, maybe because things are moving so quickly on so many fronts. For instance, despite the fact that Canada's dollar is low, we are in a deficit position in Europe with respect to services, trade and investment, while at the same time we are in a surplus position with the United States.

I am not clear as to whether the policy of the government has established Europe as a priority in terms of dealing with these rather fundamental issues. In other words, we have not had a better time to be in a surplus; yet, we are in a deficit in places where we should be the most comfortable, much more so than Asia and other places. I am not clear about that. I am not clear about where our priorities are. I am not clear about why or if we are lagging behind Mexico and the United States with respect to our respective action plans.

I understand that Mexico was about to enter into a relationship with the EU this week, but that it was deferred because of the mad cow disease. Canada's friends in Europe are ready to help, but I understand that England is slowing down the culmination of our action plan with the EU in order to clog up the decision-making process at the EU because of the mad cow disease.

péenne existe déjà, mais il y a également l'Allemagne, l'Italie, la France et le Royaume-Uni. C'est un dossier que nous suivons de près.

Pour ce qui est de l'OCDE, nous réussissons parfois à faire élire nos candidats, mais la question demeure complexe et délicate. Par conséquent, nous voulons analyser le sujet plus à fond pour voir quelles conséquences l'élargissement de l'UE peut avoir sur le rôle du Canada au sein des organismes internationaux.

Le président: L'exemple du G-7 est assez dramatique. L'Union européenne occupe quatre des sept places au sein du G-7.

M. Eggleton: Oui. Toutefois, dans les dossiers commerciaux, ils n'ont droit qu'à une seule voix: une voix pour quatre pays.

Le sénateur Grafstein: J'aimerais d'abord souhaiter la bienvenue au ministre. J'ai eu l'occasion de voyager avec lui à l'époque où il était maire de Toronto. Il a piloté le dossier visant le jumelage de Toronto et de Chungking, ce qui constituait tout un exploit. J'avais le privilège d'agir en tant que vice-président de la délégation. Nous sommes ensuite allés en Allemagne lorsque Toronto a été jumelé à Francfort, pour mettre en valeur les intérêts financiers communs que partagent les deux villes. J'étais également le vice-président de cette délégation.

Le ministre possède de grands talents puisqu'il est capable de négocier dans de nombreuses langues et dans de nombreuses régions. Je suis heureux de voir qu'il s'occupe de ce dossier assez difficile, mais crucial pour ceux d'entre nous qui vivons dans la grande région métropolitaine.

Cela dit, j'ai l'impression que nous n'avons pas encore clairement fixé les priorités de la politique gouvernementale, peut-être parce que les choses évoluent si rapidement sur un si grand nombre de fronts. Bien que le dollar canadien soit faible, notre balance commerciale avec l'Europe, en ce qui concerne les services, les échanges et les investissements, est défavorable, alors que notre balance commerciale avec les États-Unis, elle, est favorable.

Je ne sais pas si, à ce chapitre, le gouvernement considère l'Europe comme une priorité. Autrement dit, toutes les conditions sont réunies pour que nous enregistrons un excédent; or, nous accusons un déficit dans des domaines où nous devrions être en avance par rapport à l'Asie et à d'autres pays. Je ne sais pas quelles sont nos priorités. Je ne sais pas pourquoi ou si nous sommes en retard par rapport au Mexique et aux États-Unis en ce qui concerne nos plans d'action respectifs.

Je crois comprendre que le Mexique prévoyait conclure une entente cette semaine avec l'Union européenne, mais celle-ci a été reportée en raison de la maladie de la vache folle. Les alliés du Canada en Europe sont prêts à intervenir, mais je crois comprendre que l'Angleterre retarde la mise en oeuvre de notre plan d'action avec l'Union européenne parce qu'elle veut gêner le processus décisionnel au sein de l'UE en raison de la maladie de la vache folle.

Where is the government's priority in terms of moving forward — and I know that we cannot move forward on all fronts at the same time. Where do we think the biggest pay-off is going to be in terms of exchange, export of services, export of trade, export of investments?

Mr. Eggleton: In terms of our priorities, we are positioned geographically as a Pacific nation, Atlantic nation, or in the Americas. We are next door to the biggest trading country in the world and we have all sorts of opportunities which we want to explore. We are not shutting the door on anything, you are quite right that we do have to set priorities.

My priorities are threefold. One is to manage our relationship with the United States which is our biggest trading partner, with over 80 per cent of our exports and our biggest two-way investment, amounting to a billion dollars a day. Our exports to the European Union are approximately \$16 billion; that equates to 16 days' worth of trade between Canada and the United States. It is big and it is important to manage that properly. That is where our businesses prefer to go; that is where they have the greatest comfort level, and we are there to facilitate their doing that. That is priority number one.

Number two is to expand trade liberalization within the framework of the rules-based system of the World Trade Organization, a fledgling organization which has come out of 50 years of GATT discussions. It is a little more than a year old and still has a big agenda to deal with. Not everybody that came through the Uruguay Round has implemented the Uruguay Round. Of 120 members, actually less than half have done it. Some of them are in progress and some have not even started.

We have a built-in agenda at the WTO because there are things left over from the Uruguay Round that have not yet been dealt with. Canada is playing a key role in helping to set the agenda to sort through all this. I offered to do that at the Kobe meeting of the Quad, and that offer was taken up by our partners.

The liberalization of trade within a world rules-based system is the second priority.

The third priority is to champion Canadian products, services and investment opportunities abroad and to provide the best possible services we can to Canadian entrepreneurs, to get them out in the field and more proactive about getting the information they need to compete.

I find that Canadians are becoming more competitive, that they can get out there and win. We need a lot more of them out there. Thirty-seven per cent of our GDP is in exports, up from 26 per cent in four years. We are certainly a trading nation today, but we are not a nation of traders because about 100 companies account for half of those exports, with 5,000 companies in total. We have a lot of room for improvement

Quelle importance le gouvernement accorde-t-il à ce dossier — je sais que nous ne pouvons aller de l'avant sur tous les fronts en même temps. Dans quels domaines les gains risquent-ils d'être les plus intéressants en ce qui concerne les échanges, les services, le commerce, les investissements?

M. Eggleton: Pour ce qui est de nos priorités, nous sommes considérés, en raison de notre position géographique, comme un pays du Pacifique, un pays de l'Atlantique et un pays des Amériques. Nous côtoyons une des plus grandes nations commerçantes du monde et les possibilités qui s'offrent à nous sont nombreuses. Nous ne voulons fermer aucune porte. Vous avez raison de dire que nous devons établir des priorités.

Nos priorités sont de trois ordres. D'abord, gérer nos rapports avec les États-Unis, notre principal partenaire commercial, vers qui nous exportons plus de 80 p. 100 de nos produits. De plus, les investissements entre nos deux pays sont énormes, totalisant des milliards de dollars par jour. Nos exportations vers l'Union européenne atteignent environ 16 milliards de dollars, soit l'équivalent de 16 jours d'échange entre le Canada et les États-Unis. C'est donc un partenaire important et nous devons bien gérer nos rapports avec ce pays. C'est là que nos entreprises préfèrent s'installer. C'est là qu'elles se sentent le plus à l'aise, et nous sommes là pour leur faciliter les choses. Voilà pour notre première priorité.

Deuxièmement, nous voulons accroître nos échanges à l'intérieur du cadre réglementaire de l'Organisation mondiale du commerce, une organisation encore jeune qui a vu le jour après 50 ans de discussions au sein du GATT. Elle a été créée il y a un peu plus d'un an et doit s'occuper de nombreux dossiers. Les pays qui ont participé aux négociations du cycle de l'Uruguay n'ont pas tous mis en oeuvre l'accord issu de ces négociations. Sur les 120 membres, moins de la moitié l'ont fait. Certains sont en voie de le faire, d'autres n'ont même pas commencé.

L'OMC doit régler des questions découlant du cycle de l'Uruguay qui sont restées en suspens. Le Canada joue un rôle clé à ce chapitre en aidant à établir un calendrier pour venir à bout de ces problèmes. J'ai proposé l'aide de notre pays à la réunion de la Quadrilatérale qui s'est tenue à Kobe, et nos partenaires ont accepté notre proposition.

La libéralisation du commerce à l'intérieur d'un cadre réglementaire mondial constitue donc la deuxième priorité.

La troisième priorité consiste à promouvoir les produits, les services et les investissements canadiens à l'étranger et à fournir aux entrepreneurs canadiens les meilleurs services possibles, à les aider à obtenir les renseignements dont ils ont besoin pour être en mesure de soutenir la concurrence.

Je constate que les Canadiens sont de plus en plus compétitifs, qu'ils sont capables de se tailler une place sur les marchés. Il faut qu'ils soient plus nombreux à le faire. Nos exportations comptent pour 37 p. 100 de notre PIB, ce qui représente une hausse de 26 p. 100 en quatre ans. Nous sommes aujourd'hui une nation commerçante, mais nous ne sommes pas une nation de commerçants parce qu'une centaine d'entreprises comptent pour la moitié de ces exportations, alors qu'il y en a 5 000 au total. Il reste encore beaucoup de progrès à faire à ce chapitre.

The objective of doubling the number of exporters by the year 2000 was set by my predecessor, Roy MacLaren, and he passed it over to me, so that is a high priority.

Where does the action plan fit into all of this? Where does the European Union fit into all of this? We actually started the discussion with the European Union before the United States. The United States got their action plan out of Madrid last December. Last December we were not about to get anything in terms of an action plan out of Madrid, because we were still coming out of the fish war. That issue is still on the table. We felt quite strongly about that situation, and I think we have been proven right in the position we took on that matter.

The action plan also flows out of comments that were made by the Prime Minister when he was appearing before the French Senate in 1994. He suggested that we should look to improvement of transatlantic opportunities through perhaps a NAFTA/Union free trade agreement. I do not think the Europeans are particularly interested in advancing that far at this time; hence the term "action plan." It is a step in that direction, but it is a step that we want to take in terms of trade. We want to ensure that the provisions that were in the action plan with the United States are in this action plan; otherwise, we risk getting behind.

We are not behind the Mexicans. In fact, at one point it appeared that they were not going to proceed with an action plan, but they have been able to catch up. Now everybody is caught in this current circumstance of the United Kingdom vetoing everything that comes before the Council of Ministers, and that is bothersome for both of us. We are still going to push ahead with this and try to resolve the outstanding issues.

It is a priority when we look at it along with the other things we are doing — APEC and a free trade agreement of the Americas by 2005 — if we put them into the context of the world trading system, if we put them into the context of leading to greater liberalization of trade worldwide, if we put them into the context of being complementary to the WTO efforts, and we were particularly sensitive to that.

There is a committee of the WTO that looks at all these regional trading plans and agreements to ensure that they do funnel in that direction, and the Canadian Ambassador to the WTO is the chair of that committee. We are quite cognizant of how this fits into that second priority that I mentioned.

Senator MacEachen: Mr. Chairman, I join Senator Grafstein in his warm welcome to the minister and his, no doubt, deserved compliments.

As you know, this committee is examining what impact European developments, particularly the EU, will have on Canada. I was interested in the structure of the speech because for a time in contemporary history the Europeans had the view that Canada had gradually lost interest in Europe. That was not only fuelled by our intense preoccupation with the United States, but continental trade policy dominated Canadian politics for virtually 10 years. The Europeans were obviously reacting to what they

L'objectif qui consiste à doubler le nombre d'exportateurs d'ici l'an 2000 a été fixé par mon prédécesseur, Roy MacLaren, qui me l'a transmis, de sorte qu'il s'agit là d'une priorité importante.

Qu'en est-il du plan d'action? Qu'en est-il de l'Union européenne? Nous avons commencé à négocier avec l'Union européenne avant les États-Unis. Ces derniers ont établi leur plan d'action à l'issue de la réunion de Madrid en décembre dernier. Toutefois, nous n'étions pas prêts à le faire, parce que nous subissions encore les contre-coups de la guerre du poisson. Cette question n'est toujours pas réglée. Nous avons des arguments très solides et je crois que nous avons eu raison de prendre la position que nous avons adoptée dans ce dossier.

Le plan d'action découle également d'observations qui ont été faites par le premier ministre lorsqu'il s'est adressé au Sénat français en 1994. Il a laissé entendre que nous devrions envisager d'améliorer les échanges transatlantiques peut-être par l'entremise d'un accord entre l'ALÉNA et l'Union européenne. Je ne crois pas que les Européens soient particulièrement intéressés à aller jusque là à ce moment-ci. D'où le terme «plan d'action». C'est un pas dans cette voie, et c'est un pas que nous voulons franchir sur le plan des échanges. Nous voulons faire en sorte que les dispositions incluses dans le plan d'action avec les États-Unis figurent dans ce plan d'action-ci. Autrement, nous risquons d'être à la traîne.

Nous n'accusons pas de retard par rapport au Mexique. En fait, à un moment donné, nous avions l'impression qu'il ne comptait pas présenter un plan d'action, mais c'est maintenant chose faite. Or, nous sommes tous pour l'instant pris dans cet engrenage où le Royaume-Uni oppose son veto à toutes les décisions du Conseil des ministres et cela nous complique la tâche. Nous essayons d'aller de l'avant et de régler les questions en suspens.

Il s'agit d'une priorité, lorsque nous l'envisageons dans le contexte des autres points qui nous intéressent — l'APEC et une entente de libre-échange des Amériques d'ici l'an 2005 —, dans le contexte du système commercial mondial, dans celui d'une plus grande libéralisation du commerce dans le monde entier, dans celui des efforts déployés au sein de l'OMC; nous y avons d'ailleurs été particulièrement sensibles.

Un comité de l'OMC, présidé par l'ambassadeur du Canada à l'OMC, examine tous ces plans et accords commerciaux régionaux pour s'assurer qu'ils vont dans ce sens. Nous savons parfaitement comment tout cela cadre avec la deuxième priorité dont j'ai fait mention.

Le sénateur MacEachen: Monsieur le président, tout comme le sénateur Grafstein, je souhaite la bienvenue au ministre et lui adresse des compliments, sans aucun doute bien mérités.

Comme vous le savez, ce comité examine les répercussions sur le Canada de ce qui se passe en Europe, au sein de l'Union européenne en particulier. La structure de votre allocution m'a intéressé, parce que, pendant un certain moment de l'histoire contemporaine, les Européens ont eu l'impression que le Canada s'intéressait de moins en moins à l'Europe. Ce sentiment était non seulement alimenté par notre intense préoccupation vis-à-vis des États-Unis, mais aussi par le fait pendant pratiquement dix ans, la

thought was Canada's declining interest in them and in our obsession with the U.S.

We are taking some steps to reassert our interest in Europe and to resist the impulse that comes from specialized groups in the country to say that the new frontier is Asia-Pacific, the new frontier is the Americas, and that there is no value added in European activities.

I wondered why, as you were attempting to stress the importance of the European Union, you concluded your statement with reference to the Americas and Asia-Pacific. I wondered whether a European who might read your statement might say, "Well, obviously we are not strong enough as a single topic; we have to be buttressed by Asia-Pacific and by the Americas."

Is there a strategy there to say that we never talk about Europe, that it is not important enough in itself, that we have to roll in other regions of the world? I hope there is not a strategy there, because, as you pointed out yourself, this is a huge market, it is going to be bigger, and it is dynamic. No matter what people may say about the current spasms within the European Union arising from their trade problems, it has an internal dynamism that is going to push it ahead for a long time. That is my belief and, therefore, I appreciate the fundamental importance you attach to the European Union.

I was interested also, in addition to the structure of your speech, in the reference to this transatlantic structure, that we are to move away from a transatlantic structure, which is based upon security, to a new transatlantic structure which is based on economics. Are we going to move away from a transatlantic structure defined primarily by strategic imperatives — and I would assume that by "strategic imperatives" we mean security considerations; maybe I am wrong — to one increasingly defined by our shared economic interests? It is my view that the political importance of Europe and its problems have been clearly demonstrated in Bosnia, and that, no matter how much we would like to move away from the strategic imperatives, events are pulling us back.

I would appreciate some comment on that paragraph at page 3. My view would be that, obviously, we ought to create an economic transatlantic structure, but not at the expense of our political strategic interest in Europe. Maybe I misunderstood.

Finally, I was pleased that you made a visit to Germany last month, and I read your speech which you gave in Cologne. I thought you stressed very well the importance of Germany, and you did say that it was the economic motor of Europe. It is not only the economic motor of Europe, but it is in a sense the

politique commerciale continentale a dominé la politique du Canada. De toute évidence, les Européens réagissaient à ce qu'ils considéraient comme un manque progressif d'intérêt de la part du Canada et à l'intérêt obsessionnel que nous manifestions à l'égard des États-Unis.

Nous prenons des mesures pour affirmer de nouveau notre intérêt envers l'Europe et pour résister aux groupes spécialisés de notre pays qui prétendent que la région Asie-Pacifique et les Amériques sont la nouvelle frontière et que les activités en Europe ne présentent aucune valeur ajoutée.

Je me suis demandé pourquoi, alors que vous tentiez de souligner l'importance de l'Union européenne, vous avez conclu votre allocution en parlant des Amériques et de la région Asie-Pacifique. Je me suis demandé si, à la lecture de votre allocution, un Européen ne dirait pas: «De toute évidence, nous ne sommes pas suffisamment importants pour que l'on parle uniquement de nous; la question de l'Europe doit être étayée par celles de l'Asie-Pacifique et des Amériques».

Y a-t-il une raison stratégique à ce que nous ne parlons jamais de l'Europe uniquement, sous prétexte qu'elle n'est pas suffisamment importante en soi et que nous devons toujours faire mention d'autres régions du monde? J'espère qu'il n'y a pas de stratégie car, comme vous l'avez vous-même souligné, l'Europe est un marché immense qui est appelé à prendre encore plus d'ampleur et dont le dynamisme n'est plus à prouver. Peu importe les propos de certains au sujet des à-coups que connaît actuellement l'Union européenne en raison de ses problèmes commerciaux; son dynamisme intrinsèque ne manquera pas de la faire progresser pendant encore longtemps. Telles sont mes convictions et je vous suis reconnaissant de l'importance fondamentale que vous accordez à l'Union européenne.

Outre la structure de votre allocution, j'ai été également intéressé par vos propos sur cette relation transatlantique; vous avez dit qu'il faut maintenant l'axer non plus principalement sur la sécurité, mais de plus en plus sur l'économie. Allons-nous axer notre relation transatlantique non plus principalement sur les impératifs stratégiques — et j'imagine que par «impératifs stratégiques», nous voulons parler de sécurité, à moins que je ne me trompe — mais de plus en plus sur nos intérêts économiques communs? À mon avis, l'importance politique de l'Europe et ses problèmes sont clairement apparus en Bosnie et, quand bien même nous voudrions ne plus axer notre relation transatlantique sur des impératifs stratégiques, les événements nous ramènent vers l'arrière.

J'aimerais avoir vos observations sur ce paragraphe de la page 4. À mon avis, il faut bien sûr créer une relation transatlantique économique, sans pour autant que cela se fasse aux dépens de notre intérêt stratégique politique en Europe. Peut-être ai-je mal compris.

Enfin, j'ai été heureux de voir que vous vous êtes rendu en Allemagne le mois dernier et j'ai lu l'allocution que vous avez prononcée à Cologne. À mon avis, vous avez parfaitement bien souligné l'importance de l'Allemagne et vous avez dit qu'elle était le moteur économique de l'Europe. Ce pays est non seulement le

political force. Either awake or sleeping, it is the political giant certainly in Western Europe, and we have to watch it.

You stressed the importance of Germany, and I wondered whether in the achievement of your objectives in Europe and the European Union you find it more useful to work in Brussels or in Bonn?

What is the strategy? Is there a strategy there that we follow with respect to the European Union? Is it Brussels or Bonn together? And how do we capitalize on our association with the member countries in advancing our interest in the Union as a whole? I am sure that is all worked out, but it is true to say that members of this committee discovered, when we went to Europe, that the country that had the most interest in Canada was Germany. Is that right, Mr. Chairman?

The Chairman: That was certainly my impression.

Senator MacEachen: That was my impression as well. And the country that had the most readiness to open its heart to Canada was Germany. I just wonder how we relate these strengths, such as Germany — and I do not exclude any of the others — to our overall strategy.

The minister may comment if he wishes. I am just venting my views.

Mr. Eggleton: Thank you, senator. I should point out that, while my appearance here today is primarily to talk about the Union, I was also asked by the chairman to make a comment on the FTAA and the Chile endeavour, and I felt that it was only fair that I mention APEC, to give a broader picture of what we are doing. That is why I did that.

In terms of the importance of Europe and whether we are ignoring Europe, as I indicated in my opening remarks, we are seeing some quite healthy increases in the level of trade. Our exports are up 33 per cent, and our imports are up 23 per cent in 1995 over 1994. As Senator Grafstein pointed out, though, we are still in a deficit situation, and added to that is the fact that we are actually losing market share in most of those countries. That figure concerns me more than anything else because, when we take all of our trade together, our merchandise trade account has a very healthy surplus, a record surplus of \$28 billion last year largely because of the United States situation, but still very healthy, and it contributes to improving our current account situation quite dramatically. Nevertheless, I am concerned that we are losing market share and that we need to put more time and attention into Europe.

I have been in this job for four months. The first month I did not do much travelling, but in the last three months I have been to 12 countries, virtually one a week. Of those 12 countries, ten of them are in Europe, so I have spent substantial time in Europe, not just in the European Union countries. I have been to the Czech Republic, as one example of central Europe. I have been to

moteur économique de l'Europe, mais aussi dans un certain sens, sa force politique. Qu'elle soit éveillée ou assoupie, l'Allemagne est le géant politique de l'Europe de l'Ouest, et nous ferions bien de prêter attention à cette réalité.

Vous avez souligné l'importance de l'Allemagne, et je me demande si, à votre avis, il est plus utile de concentrer vos efforts à Bruxelles, ou à Bonn, pour atteindre vos objectifs en Europe et au sein de l'Union européenne?

Quelle est la stratégie? Avons-nous une stratégie à propos de l'Union européenne? Concentrons-nous nos efforts sur Bruxelles, sur Bonn, ou sur les deux? Comment mettons-nous à profit notre association avec les pays membres pour promouvoir nos intérêts dans l'Union, globalement? Je suis sûr que tout cela est prévu; il reste toutefois que les membres de ce comité ont découvert, lors de leur voyage en Europe, que l'Allemagne est le pays qui s'intéresse le plus au Canada. Est-ce exact, monsieur le président?

Le président: C'est certainement l'impression que j'en ai retirée.

Le sénateur MacEachen: C'est aussi la mienne. L'Allemagne est également le pays le plus disposé à s'ouvrir au Canada. Je me demande comment ces points forts, comme l'Allemagne — et je n'exclue aucun autre pays — se rattachent à notre stratégie d'ensemble.

Le ministre peut donner son avis, s'il le souhaite. Je ne fais que donner mes points de vue.

M. Eggleton: Merci, sénateur. Je devrais souligner que même si ma comparution aujourd'hui vise essentiellement à parler de l'Union, le président m'a également demandé de parler de la ZLEA et de notre entreprise au Chili, et j'ai pensé qu'il était normal de faire mention de l'APEC, pour vous donner un aperçu plus vaste de nos activités. C'est la raison pour laquelle j'ai procédé de la sorte.

Pour ce qui est de l'importance de l'Europe et de l'attention qu'y prête le Canada, j'ai indiqué dans mes remarques d'ouverture que les échanges commerciaux augmentent très sagement. Nos exportations ont progressé de 33 p. 100 et nos importations de 23 p. 100 en 1995, par rapport à l'année précédente. Comme l'a fait remarquer le sénateur Grafstein, notre situation reste cependant toujours déficitaire, sans compter que nous perdons effectivement une part du marché dans la plupart de ces pays. Cette perte me préoccupe plus que toute autre chose, car, lorsque nous considérons l'ensemble de nos échanges commerciaux, notre compte des échanges de biens affiche un excédent très important, un excédent record de 28 milliards de dollars l'année dernière, attribuable en partie à la situation des États-Unis, mais toujours très important, et qui contribue à améliorer notre actuelle balance des comptes courants. Je me rends compte toutefois que nous perdons une part du marché et qu'il nous faut consacrer plus de temps et d'attention à l'Europe.

J'occupe ce poste ministériel depuis quatre mois. Si je n'ai pas beaucoup voyagé le premier mois, je me suis rattrapé ces trois derniers mois, me rendant dans 12 pays, soit pratiquement un pays par semaine. Sur ces 12 pays, 10 se trouvent en Europe; j'ai donc passé beaucoup de temps en Europe et pas seulement dans les pays de l'Union européenne. Je me suis rendu en République

Greece, Portugal, France, the U.K., Germany and Turkey. Turkey, of course, straddles both Europe and Asia. I have been on the European continent three times, and I think that is some indication that I believe that there are some good opportunities for Canada there.

The transatlantic situation is changing. That is not to suggest that security and political issues are no longer important. However, since the end of the Cold War, there has been more of a shift toward economic issues.

The action plan is a political and economic action plan, and it has three pillars. One of them is political and security issues — and, of course, there are security issues; we are dealing with them right now in the former Yugoslavia, and there will continue to be a lot of issues to be discussed.

Trade is another one, and that, of course, is more my focus.

The third pillar in the action plan is the justice and home affairs issues, as the Europeans call them, which deal with international terrorism, international crime or issues with respect to migration of people.

There is a wide range of issues involved in this action plan. Of course, I am looking more at the economic and trade ones, as is natural with my portfolio, but my colleague Lloyd Axworthy, the Minister of Foreign Affairs, spends more time on the other aspects, particularly the political security aspects, as does the Minister of Justice.

The statement about moving was to say that there is now a need to move from a transatlantic structure defined primarily by strategic imperatives to one that is increasingly defined by our shared economic interest. That is an inclusionary shift, not an exclusionary statement, as far as I am concerned, because these other issues still require a lot of time and attention on our part.

You asked about the relationship of Brussels versus Bonn or the Union versus individual countries. It is two-track. We want to develop this action plan with the Union, but that will not take us away from bilateral efforts. Germany was a recent call for me because I see very good opportunities there, particularly with respect to investment in Canada. That is what I pursued on my most recent trip to Bonn, Cologne and Munich, and it will probably take me back to Germany sometime this fall.

There are many benefits to be gained by going to both Brussels and Bonn, to be able to pursue the Union as well as the bilateral arrangements. I will also be going back to Central and Eastern Europe where there are more opportunities. There is still a lot of work to be done in getting their economies in better shape and bringing about the reforms that are necessary to give confidence to our business community, but I think we can help push that agenda along a little farther, and that is part of what I will endeavour to do.

tchèque, pour connaître un pays de l'Europe centrale. Je suis allé en Grèce, au Portugal, en France, au Royaume-Uni, en Allemagne et en Turquie. La Turquie, bien sûr, est à cheval sur l'Europe et l'Asie. Je suis allé sur le continent européen à trois reprises et je pense que cela prouve que selon moi, l'Europe offre de bons débouchés au Canada.

La situation transatlantique est en évolution. Cela ne veut pas dire que les questions politiques et de sécurité ne sont plus importantes. Toutefois, depuis la fin de la Guerre froide, les questions économiques retiennent de plus en plus l'attention.

Le plan d'action, de nature politique et économique, compte trois piliers. Le premier, les questions politiques et de sécurité — et, bien sûr, des questions de sécurité se posent effectivement, nous nous en occupons en ce moment en ex-Yougoslavie, et beaucoup d'autres questions continueront de se poser.

Le commerce est un autre de ces piliers et retient beaucoup plus mon attention, bien sûr.

Le troisième pilier du plan d'action, ce sont les questions de justice et d'affaires intérieures, ainsi que les appellent les Européens, qui traitent du terrorisme international, de la criminalité internationale ou de la migration des personnes.

Ce plan d'action vise toute une série de questions. Bien sûr, je m'intéresse davantage aux questions économiques et commerciales, puisqu'elles relèvent de mon portefeuille; par contre, Lloyd Axworthy, ministre des Affaires étrangères, consacre plus de temps aux autres aspects, notamment les aspects de sécurité politique, comme le ministre de la Justice.

J'ai dit qu'il nous fallait maintenant axer notre relation transatlantique non plus principalement sur les impératifs stratégiques, mais de plus en plus sur nos intérêts économiques communs. Il s'agit d'un mouvement d'inclusion et non d'exclusion, à mon avis, car ces autres questions exigent encore beaucoup de temps et d'attention de notre part.

Vous avez posé des questions au sujet des relations que nous entretenons avec Bruxelles par rapport à celles que nous entretenons avec Bonn ou des relations que nous entretenons avec l'Union par rapport à celles que nous entretenons avec les divers pays. Il s'agit en fait d'une double voie. Nous voulons mettre en oeuvre ce plan d'action avec l'Union, sans pour autant que cela se fasse au détriment de nos efforts bilatéraux. L'Allemagne m'a fortement intéressé, car j'y vois d'excellents débouchés, surtout en ce qui concerne l'investissement au Canada. C'est ce que j'ai fait ressortir au cours de mon récent voyage à Bonn, à Cologne et à Munich et je retournerai probablement en Allemagne l'automne prochain.

Le fait de se rendre autant à Bruxelles qu'à Bonn et de s'intéresser autant à l'Union qu'à des ententes bilatérales présente de nombreux avantages. Je retournerai également en Europe centrale et en Europe orientale, car ces régions offrent plus de possibilités. Il y a encore beaucoup à faire dans ces pays pour améliorer l'économie et instaurer les réformes nécessaires susceptibles d'inspirer confiance à nos gens d'affaires, mais je crois que nous pouvons pousser un peu plus loin dans ce sens; cela s'inscrit dans le cadre de mon entreprise.

We are working in all these different areas, but not to the detriment of Europe or in any way to suggest that Europe is not important to us. It is important to us. We have priorities, but within that framework we are giving a lot of time and attention to trying to increase those numbers even farther from their record levels.

Senator Bolduc: We still have duties with the Union. The average is about 3.6 per cent, I understand. On aluminum, for example, it is 6 per cent. In telecommunication materials, we had a company called Newbridge Networks here who told us that there was an increase in the duties from 4.5 to 7.5 per cent fairly recently.

Do you see any possibility of using the leverage we have with our defence input and our aid to some of the Eastern European countries to try to make some deal, rather than waiting for the next multilateral negotiations to get those tariffs down?

Mr. Eggleton: Our practice overall has not been to use that linkage. We feel that the different areas in which we are of assistance should be borne in mind when we get to some of these issues such as tariffs, but I am not aware that we have actually linked things such as defence assistance with tariff barrier removal. In some of these areas, if you establish a favourable climate in one area, it can have an indirect beneficial effect in another area, but it has not been our policy to link them.

Senator Bolduc: I am not talking here about a formal tying of those things, but I think those people should know that we are doing our share.

Mr. Eggleton: I hope so.

Mr. Paul Haddow, Director of Tariffs and Market Division, Department of Foreign Affairs and International Trade: If I may elaborate on what we are doing on those specific issues, the EU aluminum tariff has been a long-standing problem for Canadian exporters, predominantly as a result of the pressure from the French industry. Representatives from Alcan have recently proposed to FAIT officials a two-year strategy where government and the industry work together to build some alliances in Europe to reduce those tariffs. We have tried in every negotiation that is available to reduce the EU's aluminum tariffs, and it is just a very difficult issue for the European industry, particularly in France.

With respect to telecom equipment, there is an initiative that the minister spoke of earlier, of an international agreement where tariffs on information technology products as well as on telecommunication equipment would go to zero. We are pursuing that initiative within the quadrilateral process and hope to see it implemented by December in Singapore at the WTO ministerial meeting. That is how we are addressing those specific issues you raise.

Mr. Eggleton: The transatlantic marketplace concept is also one of the areas that we want to have in the European Union

Nous sommes actifs dans tous ces secteurs, mais cela ne se fait pas au détriment de l'Europe et ne laisse pas supposer que l'Europe n'est pas importante pour le Canada. Elle l'est. Nous nous sommes fixé des priorités et cherchons, dans cette structure, à consacrer plus de temps et d'attention à ces chiffres qui doivent encore dépasser leurs niveaux records.

Le sénateur Bolduc: Nous payons toujours des droits de douane à l'Union. D'après ce que je comprends, ils s'élèvent en moyenne à 3,6 p. 100. Pour l'aluminium, par exemple, ils s'élèvent à 6 p. 100. Pour le matériel de télécommunications, la société Newbridge Networks nous a dit que les droits avaient dernièrement augmenté de 4,5 à 7,5 p. 100.

Pensez-vous qu'il soit possible d'user de notre influence en matière de défense et d'aide apportée à certains des pays de l'Europe orientale pour essayer d'arriver à une entente, au lieu d'attendre les prochaines négociations multilatérales pour faire baisser ces tarifs douaniers?

M. Eggleton: En règle générale, nous n'établissons pas de lien de ce genre. Nous croyons qu'il faut prendre en compte la réalité de notre aide, au moment où certaines questions sont abordées, comme celle des tarifs douaniers, mais je ne crois pas que nous ayons effectivement établi un lien entre l'aide en matière de défense et la suppression des obstacles tarifaires. Parfois, il suffit de créer un climat favorable d'un côté pour en tirer un avantage indirect ailleurs; politiquement parlant toutefois, nous n'avons jamais établi de tels liens.

Le sénateur Bolduc: Je ne dis pas qu'il faut officiellement établir un lien de ce genre, mais je crois que ces pays devraient savoir que nous faisons notre part.

M. Eggleton: Je l'espère.

M. Paul Haddow, directeur des droits de douanes et de l'accès aux marchés, ministère des Affaires étrangères et du Commerce international: Permettez-moi d'intervenir au sujet de ces questions particulières; le tarif de l'aluminium est un problème de longue date pour les exportateurs canadiens, surtout en raison des pressions exercées par l'industrie française. Des représentants d'Alcan proposent une stratégie sur deux ans permettant au gouvernement et à l'industrie d'unir leurs efforts pour instaurer des alliances stratégiques en Europe afin d'abaisser ces tarifs douaniers. Nous avons essayé dans toutes les négociations de faire baisser les tarifs douaniers de l'aluminium de l'UE, mais c'est une question très difficile pour l'industrie européenne, surtout en France.

En ce qui concerne le matériel de télécommunications, il est question, comme l'a indiqué le ministre plus tôt, d'un accord international de télécommunications où les tarifs des produits de la technologie de l'information ainsi que du matériel de télécommunications seraient éliminés. Nous nous en occupons dans le cadre du processus quadrilatéral et espérons voir cet accord adopté à la réunion ministérielle de l'OMC en décembre, à Singapour. C'est ainsi que nous réglons pareilles questions.

M. Eggleton: Le concept de marché transatlantique est également l'un des domaines que nous voulons inclure dans le

plan, as it is in the United States plan, including a study as to where we can reduce these tariff barriers.

Senator Bolduc: How about the international recognition of technical norms in, for example, telecommunications? There are not many big players. Normally, they should agree on the standards. I do not see why our products are not recognized. What is the motivation?

Mr. Eggleton: I do not see why, either. That was raised and we discussed that at the quadrilateral meeting in Kobe, and I think there is a good chance of moving farther in that direction. We certainly want, through mutual recognition agreements, to be able to respect each other's standards where there has been sufficient testing. Hopefully, there is a lot of work that we would not have to duplicate, for which we could get acceptance, and we are working in that direction. I think there is a good chance of advancing that in terms of telecommunications equipment.

Senator Bolduc: Some of us had the impression when we met the Europeans that, if there is a monetary union, it will probably lower the monetary unit so that it would be good for their international trade and bad for ours. What do you think of that?

Mr. Eggleton: That, again, is one of the areas that is under study. I will ask the officials if they want to add anything to that.

Mr. Venner: We prepared a short list of seven quick reasons that we think monetary union is important for us. The first one is that European currency traders are more likely to buy the Canadian dollar as a means of diversification once there is only one European Union currency.

The second one is that it is obviously going to be easier for our exporters to deal with just one exchange rate.

The third is that when you have a huge market that has no exchange rate risks, it becomes extremely attractive to foreign investors. We have to compete with Europeans for investment from Asia and, for that matter, from Europe.

There is also the question of whether we might be marginalized in international monetary policy coordination. The G-7 meets, for example, and there are three currencies represented and then the Canadian dollar, and it is not clear where we would fit in.

It is also quite clear that, if the Euro is created and succeeds, that would send a very positive signal to world markets and could lead to some growth, which would be beneficial for Canadian exports. And the opposite is true: a negative signal to world markets would be bad for us.

plan de l'Union européenne, comme il l'est dans le plan des États-Unis, sans compter l'étude effectuée sur la diminution de ces obstacles tarifaires.

Le sénateur Bolduc: Qu'en est-il de la reconnaissance internationale des normes techniques dans le domaine des télécommunications, par exemple? Il n'y a pas beaucoup de gros intervenants. Normalement, ils devraient s'entendre sur les normes. Je ne vois pas pourquoi nos produits ne sont pas reconnus. Quelle en est la raison?

M. Eggleton: Je ne vois pas pourquoi, moi non plus. Cette question a été soulevée et débattue à la réunion quadrilatérale de Kobe et je pense que nous avons de bonnes chances à cet égard. Nous souhaitons bien sûr, par le truchement d'accords mutuels de reconnaissance, être en mesure de respecter les normes de chacun, une fois qu'elles sont établies comme il se doit. Nous espérons ne pas avoir à refaire le même travail et nous oeuvrons dans ce sens. Je pense que nous avons de bonnes chances de progresser dans le domaine du matériel de télécommunications.

Le sénateur Bolduc: Lorsque nous avons rencontré les Européens, certains d'entre nous ont eu l'impression que si l'union monétaire se réalise, l'unité monétaire va baisser, ce qui sera positif pour le commerce international européen et négatif pour le nôtre. Qu'en pensez-vous?

M. Eggleton: Il s'agit de nouveau d'un des secteurs étudiés. Je vais demander à mes fonctionnaires de donner plus de détails à ce sujet.

M. Venner: Nous avons dressé une courte liste de sept bonnes raisons pour lesquelles, à notre avis, l'union monétaire est importante pour le Canada. La première, c'est que les cambistes européens seront davantage portés à acheter des dollars canadiens pour des raisons de diversification, lorsqu'il n'y aura plus qu'une seule monnaie européenne.

La deuxième, c'est que, de toute évidence, il sera plus facile pour nos exportateurs de n'avoir à faire qu'à un seul taux de change.

La troisième, c'est qu'un marché énorme qui ne présente aucun risque de cours de change, devient extrêmement attrayant pour les investisseurs étrangers. Nous devons soutenir la concurrence avec les Européens en matière d'investissements provenant de l'Asie, voire même de l'Europe.

Se pose également la question de savoir si nous pouvons nous retrouver marginalisés dans le contexte d'une coordination de politique monétaire internationale. Lorsque le G-7 se réunit, par exemple, seulement trois monnaies sont représentées, le dollar canadien s'y ajoute; on ne sait pas vraiment comment le Canada pourrait s'intégrer.

Il apparaît également très clairement qu'une monnaie unique en Europe aura un effet très positif sur les marchés mondiaux, ce qui pourrait se traduire par une certaine croissance, ce qui, à son tour, serait à l'avantage des exportations canadiennes. L'inverse est également exact: tout effet négatif sur les marchés mondiaux ne serait pas bon pour nous.

The final point is that a lot of people in the European Union who are opposed to monetary union are also opposed to trade liberalization and, if the monetary union fails, it could be seen as a sign that the protectionists were coming into ascendancy, and that would make it more difficult for us to export.

Senator Ottenheimer: To what extent in the negotiations for the action plan between Canada and the European Union and to what extent in our dialogue with Europe in general, based on trade and, I suppose from Canada's perspective, enhancing and improving opportunities for Canada to export and for investment in Canada and for Canadian investment in Europe, is there a consciousness or a concern with respect to going to east of Europe? To what extent is there concern with respect to relations with Russia, with other former Soviet republics — and I do not mean the Balkans, but other Soviet republics in Caucasus and indeed in Asia?

I know that we Canadians are pretty small players, but we have always had something of a reputation or considered we had a vocation as internationalists. To what extent, at least in the dialogue between Canada and the European Union, is that taken into consideration, or is there any consensus on what can be done in that area?

Mr. Eggleton: Let me give you a couple of examples. In Germany a couple of weeks ago we talked about the Ukraine. There is a lot of German interest in the Ukraine, and in this country there is a fairly large Ukrainian community that has an interest in possible investment over there. In many of these cases we can do partnerships or joint ventures in third countries.

This is something that we explored quite regularly in other parts of the world as well, and I think there are opportunities to go that route. The Ukraine still has some way to go, as do many of the other former Soviet republics, in terms of reforms to create a confidence level for our major businesses to make moves into those areas. I think we can advance the agenda and, if we can advance it with what the Germans say in this case, then I think that can be quite helpful.

I was recently in Turkey and Istanbul. There is a subsidiary of Northern Telecom that exists there. It is quite a successful company in Turkey, and it is already branching out into some of the former Soviet republics. We have people who are closer to the markets, who have a greater understanding of the markets in the former Soviet republics, but it is taking Canadian technology into those countries. It is benefitting a Canadian company that is the majority shareholder of the company in Turkey.

So there are many different opportunities that we will continue to explore in terms of moving into those markets, if not by ourselves, certainly with other players.

It is also important that we try to bring these countries under the world trading organization disciplines. China, of course, and Russia need to be brought in. These are major economies that

Enfin, il faut dire que beaucoup de ceux qui, au sein de l'Union européenne, s'opposent à l'union monétaire s'opposent également à la libéralisation du commerce, si bien que le fait que l'union monétaire ne se fasse pas pourrait indiquer que les protectionnistes prennent plus d'importance, ce qui rendrait notre capacité d'exportation plus difficile.

Le sénateur Ottenheimer: Dans quelle mesure se préoccupe-t-on d'établir des relations à l'est de l'Europe dans le cadre des négociations relatives au plan d'action entre le Canada et l'Union européenne et dans le cadre de notre dialogue avec l'Europe en général, dialogue fondé sur le commerce dans une perspective canadienne, j'imagine; cela ne permettrait-il pas de multiplier et d'améliorer les possibilités du Canada en matière d'exportations, les possibilités d'investissements au Canada ainsi que les possibilités d'investissements en Europe? Dans quelle mesure se préoccupe-t-on d'établir des relations avec la Russie, avec d'anciennes républiques soviétiques — je ne veux pas parler des Balkans, mais d'autres républiques soviétiques du Caucase, voire même d'Asie?

Je sais que le Canada n'occupe pas une très grande place sur la scène internationale, mais il s'est acquis une certaine réputation et il a toujours estimé avoir une vocation d'internationaliste. À quel point en tient-on compte, du moins dans le dialogue entre le Canada et l'Union européenne; s'entend-on sur ce qui peut être fait dans ce domaine?

M. Eggleton: Quelques exemples me viennent à l'esprit. En Allemagne, il y a quelques semaines, il a été question de l'Ukraine. Les Allemands s'intéressent beaucoup à ce pays. Le Canada a une collectivité ukrainienne plutôt importante que d'éventuels investissements là-bas intéressent. Souvent, nous pouvons conjuguer nos efforts dans de tiers pays, à l'aide de partenariats ou de co-entreprises.

Nous avons souvent envisagé ce moyen dans d'autres régions du monde. Je crois qu'il est possible de le faire dans ce cas-ci. Il faudra que l'Ukraine, comme beaucoup d'autres anciennes républiques soviétiques, passe par bien des réformes avant d'inspirer suffisamment confiance à nos grandes entreprises pour les convaincre d'y investir. Nous pouvons l'aider et, si nous parvenons à le faire comme le préconisent les Allemands, ce sera fort utile.

J'étais en Turquie, notamment à Istanbul, il n'y a pas longtemps. Northern Telecom y a une filiale. Son implantation en Turquie est un succès et, déjà, elle est en train d'essaimer dans certaines anciennes républiques soviétiques. Nous avons là-bas des gens qui sont plus près des marchés, qui comprennent mieux les marchés des anciennes républiques soviétiques. L'entreprise est en train d'y vendre de la technologie canadienne. Une société canadienne qui est la principale actionnaire de l'entreprise en Turquie s'en trouve avantagée.

Il existe donc de nombreux moyens de pénétrer ces marchés. Nous continuerons de les explorer et, si nous ne le faisons pas seuls, nous le ferons certes avec d'autres.

Il importe aussi de faciliter dans ces pays l'adoption des règles de l'Organisation mondiale du commerce. La Chine, bien sûr, et la Russie devront être intégrées au giron. Elles représentent

should be part of the world trade regime, but they have to come in under the same rules that apply to everybody else. As they do that, there will be greater confidence levels and greater opportunities for Canadian business in those countries, and we are working to help bring about those accessions.

Senator Stollery: I am one who thinks Europe has important potential for Canada and who believes that our trade situation has become seriously unbalanced and that balance should be the goal of a proper foreign policy.

I understand our commendable efforts to expand our trading opportunities everywhere because we are trying to put some balance into an unbalanced situation. I think it is important that we work with Europe. We talk about the U.S. as being the largest single market, but the U.S. is one country. The European community is the world's largest trading block and one of the wealthiest when you look at the annual incomes.

You mention in your presentation that our exports grew last year by 33 per cent, but at the same time you said that we are losing market share. I also note that much of this is in fabricated materials and things which probably are important to those of us in Southern Ontario.

Could you rationalize those two observations. First, to whom are we losing the market share? Is it to the U.S. or is it to some of the Asian exporters?

Mr. Eggleton: I suspect that in a lot of other countries you would find some healthy increases in terms of trade as well, with greater liberalization of trade and markets opening up. There is more and more trade activity. The numbers have been increasing for a lot of countries, and they have been increasing for us in a great many places. Some of the numbers are starting from a low volume though, so you have to look at it in that context. It is easy to wield around numbers of 40, 50, 60-per-cent increases but, if they are on a low base, it does not mean nearly as much as it does in the case of Europe where there is a healthier base, although not nearly as big as the United States.

You are quite right that the European Union is combined, but the United States is still the biggest.

What is happening is that some countries are increasing their market share faster than we are. We are losing ground.

Mr. Venner: If you look at the trade statistics for the countries in central and eastern Europe, you will find that their trade has been reoriented dramatically in the last ten years away from Russia and the former Soviet COMECON trading block toward the European Union. They are making tremendous gains in the European Union and they do sell some of the same things we do.

d'immenses marchés qu'il faudrait intégrer au régime du commerce mondial. Toutefois, elles devront auparavant se soumettre aux mêmes règles que tous les autres. Dès lors, les autres leur feront davantage confiance, ce qui ouvrira beaucoup de nouvelles portes aux entreprises canadiennes. Nous nous efforçons d'aider ces pays à transformer leurs économies en conséquence.

Le sénateur Stollery: Je suis de ceux qui croient que l'Europe est un marché très prometteur pour le Canada, que notre balance commerciale est gravement déséquilibrée et que toute politique étrangère qui se respecte devra viser à rétablir cet équilibre.

Je comprends pourquoi nous déployons tant d'efforts louables en vue de multiplier les possibilités d'échanges commerciaux partout dans le monde: il nous faut rétablir l'équilibre. Il importe que nous collaborions avec l'Europe. On dit que les États-Unis sont notre plus important débouché, mais ils ne représentent qu'un seul pays. L'Union européenne représente le plus important bloc commercial mondial et l'une des économies les plus saines, si l'on se fonde sur le revenu annuel.

Vous avez mentionné, dans votre exposé, que nos exportations ont progressé, l'an dernier, de 33 p. 100. Par contre, vous avez aussi dit que nous sommes en train de perdre notre part du marché. Je remarque enfin que beaucoup de ces pertes se produisent dans le secteur des produits ouvrés et d'autres produits auxquels ceux d'entre nous qui habitent le sud de l'Ontario attachent probablement de l'importance.

Pouvez-vous m'expliquer ces deux phénomènes? Tout d'abord, au profit de qui sommes-nous en train de perdre notre part du marché? Qui, des exportateurs américains ou des exportateurs d'Asie, sont en train de prendre la relève?

M. Eggleton: Je soupçonne que, dans bien d'autres pays, vous constateriez aussi de saines augmentations des échanges commerciaux, accompagnées d'une plus grande libéralisation du commerce et d'une ouverture des marchés. L'activité commerciale s'intensifie de plus en plus. Dans bien des pays, elle est à la hausse, et c'est aussi notre cas dans bien des marchés. Il ne faut pas oublier, toutefois, que certains de ces échanges étaient faibles au départ. Il est facile de faire miroiter des augmentations de 40, de 50 ou de 60 p. 100 mais si, au départ, ils étaient faibles, leur progression n'est pas aussi importante que dans le cas de l'Europe, où ils étaient au départ meilleurs, bien qu'ils n'aient jamais été aussi importants que nos échanges avec les États-Unis.

Vous avez entièrement raison de dire que l'Union européenne est un important bloc commercial, mais que les États-Unis demeurent tout de même notre plus grand débouché.

Certains pays sont en train d'accroître leur part de marché plus rapidement que nous. Nous sommes en train de perdre du terrain.

M. Venner: La statistique relative aux échanges commerciaux des pays d'Europe centrale et orientale révèle qu'au cours des dix dernières années, une grande part de leurs échanges commerciaux avec la Russie et les anciens membres du COMECON soviétique a été réorientée vers l'Union européenne. Ils réalisent des gains importants au sein de l'Union européenne. Or, certains de leurs produits font concurrence aux nôtres.

Senator Corbin: I have a brief comment on the statement the minister made on Canadian furs.

Does the current ban on Canadian furs have to do mainly with the European perception, or is there, in fact, a concern on their part about trapping methods? In looking at European-made programs and people like Brigitte Bardot, you are dealing with fundamentalist animal lovers who have a huge impact with their representatives.

What is the real barrier you are trying to overcome here? I know Canada likes to take an international pact approach in resolving these problems, but do you think you will be able to counter current European obstinacy with respect to the importation of naturally harvested or commercially produced Canadian furs? What are the real facts behind the scene?

Mr. Eggleton: I think you have a good handle on the situation. The dispute involves leg-hold traps and humane trapping. A lot of people in Europe and in the European Parliament are dead set against furs being imported from Canada because of the leg-hold traps. There are some NGOs which feed in information which leads to negative impressions and can also distort the reality.

We have indicated there that we want to have an agreement based on humane trapping practices. We are working with the Russians and the United States as well, because they will be affected by such an agreement, and we have obtained an extension. There is not a ban yet, although the Netherlands did jump the gun on it, so to speak. They have been criticized by the union for doing that, and I understand that they use leg-hold traps as well.

In any event, the union has put it off until January 1, 1997. Meanwhile we are trying to come to an agreement and to deal with the issue of humane trapping.

There will always be some people who will just never accept trade in furs. However, from what I have heard so far, the European Commission and the Council of Ministers and perhaps the majority of the European Parliament will accept reasonable measures where we indicate that, in fact, humane trapping is taking place.

We are also getting a great deal of help from our aboriginal community on this issue. I think there is some sensitivity to the fact that this is part of a long history and tradition, and there is a respect for our native community in Europe. Some of them are actually finding it rather difficult to work out in their minds as to how they can assist the native community, which they seem to want to do, while, on the other hand, they are concerned about leg-hold traps.

We hope to come up with a position that the majority can accept, but the discussions are still at a very crucial stage. Time is running out. We have to move quickly on this issue, but there will always be difficulty in getting anything that we do in terms of trapping accepted by some people.

Le sénateur Corbin: J'aimerais faire une brève observation au sujet de la déclaration faite par le ministre au sujet des fourrures canadiennes.

L'interdiction dont sont actuellement frappées les fourrures canadiennes en Europe vient-elle essentiellement d'une impression qui s'est créée là-bas ou l'Europe manifeste-t-elle ainsi, en fait, son opposition à nos méthodes de trappage? Les programmes d'origine européenne et les gens comme Brigitte Bardot reflètent les principes de grands amis des bêtes qui ont énormément d'influence sur leurs représentants.

Quel est le véritable obstacle que vous essayez de surmonter ici? Je sais que le Canada privilégie la conclusion de pactes internationaux comme solution à ces problèmes, mais croyez-vous pouvoir contrer l'actuelle détermination des Européens en ce qui concerne l'importation de fourrures canadiennes de production commerciale ou artisanale? Quelle est la réalité à laquelle il faut faire face?

M. Eggleton: Vous saisissez bien la situation, à mon avis. Le litige gravite autour des pièges à ressort et des méthodes de piégeage sans douleur. Bien des Européens et des membres du Parlement européen sont viscéralement opposés à l'importation de fourrures du Canada en raison des pièges à ressort que nous utilisons. Certaines ONG disséminent de l'information qui donne une image négative et déforme aussi la réalité.

Nous avons manifesté notre désir de signer une entente dans laquelle nous nous engagerions à utiliser des pratiques de piégeage sans douleur. À cet égard, nous collaborons également avec les Russes et les Américains parce qu'ils seront visés par un tel accord, et nous avons obtenu un report de la date d'entrée en vigueur. Les mesures d'interdiction ne sont pas encore en vigueur, bien que les Pays-Bas aient agi prématurément. L'Union les a critiqués, et je crois savoir qu'ils utilisent, eux aussi, des pièges à ressort.

Quoi qu'il en soit, l'Union a reporté sa décision au 1er janvier 1997. Entre temps, nous tentons d'en arriver à une entente et de régler la question des pièges indolores.

Il y en aura toujours qui n'accepteront jamais le commerce de la fourrure. Cependant, d'après ce que j'ai entendu jusqu'ici, la Commission européenne, le Conseil des ministres et, peut-être, la majorité des membres du Parlement européen accepteront des mesures raisonnables leur garantissant qu'en fait, nous utilisons des pièges sans douleur.

Notre collectivité autochtone nous aide beaucoup à cet égard. On est sensible, jusqu'à un certain point, au fait que le commerce de la fourrure fait partie de notre histoire et de nos traditions, et les Européens respectent notre collectivité autochtone. Certains d'entre eux ont en réalité des difficultés à concilier l'aide à la collectivité autochtone, ce qu'ils semblent vouloir faire, et leurs préoccupations au sujet des pièges à ressort.

Nous espérons pouvoir énoncer une position acceptable à la majorité, mais, pour l'instant, les pourparlers en sont encore à une étape très cruciale. Il ne nous reste plus beaucoup de temps. Il nous faut agir rapidement, mais il sera toujours difficile de faire accepter à certains l'idée même du piégeage.

Senator Bacon: One of the major concerns of the committee is the effect that European Union enlargement will have on Canadian trade in the European market. We were told that the best way to deal with EU enlargement is to constantly raise the floor of international agreements reached with the EU. How can international agreements prevent the EU from reducing access for Canadian products under future enlargements?

Mr. Venner: In short, if a country enters into an agreement which is compatible with Article XXIV of the GATT, it is not required to extend those benefits to third parties any more than we are required to extend the benefits of the Free Trade Agreement with the United States to third countries. If the European Union enters into an agreement with central and eastern European countries, then in theory, pursuant to the WTO, it is not obliged to extend those benefits to us.

Mr. Haddow: I heard your question somewhat differently: How do we address the issue so as to avoid consistently requiring compensation, because obtaining compensation from the Europeans is not an easy task. Last year, in the context of the EU enlargement to include Sweden, Finland and Austria, we were within half an hour of cabinet approval for imposing retaliatory tariff increases on imports from the EU. That is not the way we prefer to do business.

One way to do what you envisage is simply to get the European Union to reduce its tariffs through the WTO. The current problem is that, when new countries join, they have to increase their tariffs up to the level of European tariffs. Then Canada and other exporting countries are owed compensation. For example, Sweden's tariff was low before they joined, and now it is high. The trick is going to be to get the European tariff down.

It would be difficult to do that bilaterally simply because Canada does not have the negotiating clout. The best way is through the WTO where we are joined by Japan and the United States in trying to get world tariffs down. That is why in the recent quadrilateral trade ministers' discussions, Canada, Minister Eggleton in particular was pushing the other quad countries to continue to reduce the MFN tariffs under the WTO. In that way, opportunities for harm to Canadian exporters in the future from these further EU expansions will be reduced thereby avoiding the need for retaliatory action.

Senator Bacon: Have you done any studies on the potential effects of European Union enlargements on Canadian exports to Europe?

Mr. Haddow: Except for the most recent enlargement, I have not.

Mr. Eggleton: That is part of the four studies that we are undertaking now.

Senator MacEachen: Mr. Minister, you said that one of the objectives, with which I agree, is to bring big countries like China and Russia under the discipline of the rule of law. That

Le sénateur Bacon: Une des préoccupations centrales du comité concerne l'effet qu'aura l'élargissement de l'Union européenne sur le commerce du Canada au sein du marché européen. On nous a dit que le meilleur moyen de faire face à cet élargissement est de constamment relever les exigences minimales des accords internationaux conclus avec l'Union européenne. En quoi des accords internationaux peuvent-ils empêcher l'Union européenne de réduire l'accès des produits canadiens à ses marchés lors de futurs élargissements?

M. Venner: Pour vous répondre brièvement, si un pays signe une entente compatible avec l'article XXIV du GATT, il n'est pas tenu d'en accorder les avantages à des tiers, pas plus que nous ne sommes tenus de le faire dans le cadre de l'Accord de libre-échange signé avec les États-Unis. Si l'Union européenne conclut une entente avec des pays d'Europe centrale et orientale, en théorie, d'après les règles de l'OMC, elle n'est pas obligée de nous accorder les mêmes privilèges.

M. Haddow: Je croyais que vous vouliez savoir comment nous pouvions éviter d'avoir à constamment exiger une compensation, parce qu'il n'est pas facile d'en obtenir des Européens. L'année dernière, dans le contexte de l'expansion de l'union européenne pour inclure la Suède, la Finlande et l'Autriche, le Cabinet a été à cheveu près d'approuver des mesures visant l'imposition de tarifs accrus sur les importations de l'Union européenne. Ce n'est pas ainsi que nous aimons brasser des affaires.

Une façon consiste à simplement, par l'intermédiaire de l'OMC, obliger l'Union européenne à réduire ses tarifs. Le hic, c'est que, lorsque de nouveaux pays adhèrent à l'Union, ils doivent augmenter leurs tarifs de manière à les faire correspondre à ceux de l'Europe. Il faut alors indemniser le Canada et les autres pays exportateurs. Par exemple, avant que la Suède n'adhère à l'Union européenne, ses tarifs étaient bas. Maintenant, ils sont élevés. La solution consistera à obtenir des Européens qu'ils abaissent leurs tarifs.

Il serait difficile de les en convaincre dans le cadre de négociations bilatérales parce que le Canada ne fait tout simplement pas le poids. Il faudra donc passer par l'OMC où nous serons épaulés par le Japon et les États-Unis. C'est pourquoi, lors de récents pourparlers quadrilatéraux entre les ministres du Commerce, le ministre Eggleton essayait de convaincre les autres de continuer à abaisser les tarifs de la nation la plus favorisée. Ainsi, les possibilités de subir des préjudices en raison d'élargissements futurs de l'Union européenne seraient réduites, éliminant ainsi le besoin de représailles.

Le sénateur Bacon: Avez-vous mené des études sur les effets éventuels qu'auraient des élargissements de l'Union européenne sur les exportations canadiennes en Europe?

M. Haddow: Sauf pour l'élargissement le plus récent, nous ne l'avons pas fait.

M. Eggleton: Le sujet fait partie de quatre études que nous venons tout juste d'entreprendre.

Le sénateur MacEachen: Monsieur le ministre, vous avez dit que l'un des objectifs, avec lequel je suis d'accord, est d'inciter les grands pays comme la Chine et la Russie à se soumettre à la

brings to mind the United States. Would you not include the United States in that category?

There is no committee in Ottawa that has more experience in trade than this one. We started with the Free Trade Agreement. We went through that whole process and listened to the expectations that were laid out for the rule of law to be established by the FTA. We certainly know it did not happen, and you said so in some of your more irritated moments. Still a big job is to get the United States to submit to the rule of law, whether it be the WTO or the FTA. How are you getting along on that front?

My second question is more pacific and less belligerent. We are producing a report on Europe and Canada, and maybe some of you who are here today have some ideas. What kinds of item should we deal with so that it would have a positive effect on our broad relationships with Europe, so that we do not fall into difficulty, so that we treat the right topics and make the right sounds, consistent with our own interests? Do you have any ideas about how we ought to treat this subject, with all due deference to our researchers and ourselves? Have you any thoughts on how we ought to approach this so that it is a positive for Canada and, particularly, that it creates the right impression in Europe?

Mr. Eggleton: Let me start with the first one. I do not know whether you really wanted me to answer on the United States being in the WTO or not.

The United States, to pay them their due compliment, has played a leading role in the last 50 years in GATT discussions and in opening up fairer and freer trade around the world. It is unfortunate, disappointing and worrisome to see them pulling back at this time — not getting fast track for Chili, the Helms-Burton law and other pieces of legislation that would have similar effect of unilateral decisions that affect third countries such as Canada. These are quite worrisome, and I believe they are outside the context of the WTO and international law and NAFTA, and they are going to be pursued.

They have signed these agreements. They are part of them. We expect the United States, like all the other countries, to live up to their obligations.

The European Union is specifically engaging the U.S. at the WTO on the Helms-Burton law and we are doing it at NAFTA, but we are supportive of each other's efforts.

I must say, though, that, as worrisome and as much of an irritation as it is, by and large we have a fairly healthy trading relationship with the United States. Ninety-five per cent of our trade is without any problems, hassle free, day in and day out. It is the other 5 per cent that gets all the media attention and, of course, is bothersome — this one, in particular, because they are acting in

primauté du droit. Vous n'avez pas mentionné les États-Unis. N'incluez-vous pas les États-Unis dans cette catégorie?

Il n'existe pas, à Ottawa, de comité qui ait plus d'expérience en matière commerciale que le nôtre. Nous avons tout d'abord examiné l'Accord de libre-échange. Nous avons franchi toutes les étapes, et on nous a dit s'attendre que cet accord établisse la primauté du droit. Cela ne s'est pas produit, et vous l'avez vous-même affirmé à certains moments de grande irritation. Un des grands objectifs demeure d'obliger les États-Unis à se soumettre à la règle du droit, que ce soit dans le cadre de l'OMC ou de l'Accord de libre-échange. Comment les choses progressent-elles sur ce front?

Ma deuxième question est plus pacifique, moins bellégerante. Nous sommes en train de produire un rapport sur l'Europe et le Canada. Certains d'entre vous ont peut-être des idées à nous suggérer. Y a-t-il des sujets sur lesquels devrait porter le rapport qui permettraient d'améliorer nos relations avec l'Europe de manière à éviter les écueils, à aborder les bons thèmes et avoir le bon discours correspondant à nos propres intérêts? Sans vouloir dénigrer l'excellent travail accompli par nos recherchistes et le comité, j'aimerais savoir si vous avez des propositions à nous faire quant à la façon d'aborder le sujet. Avez-vous des observations à nous faire quant à la façon d'aborder la question à l'avantage du Canada et, particulièrement, en vue de donner la bonne impression en Europe?

M. Eggleton: Je commencerai par répondre à votre première question. J'ignore si vous désirez vraiment que je vous réponde pour ce qui est de l'adhésion des États-Unis à l'OMC.

Les États-Unis — il faut les en féliciter — ont joué un rôle de premier plan au cours des cinquante dernières années à la table de négociations du GATT, et nous leur devons d'avoir libéralisé et rendu plus équitables les échanges commerciaux partout dans le monde. Il est malheureux, déconcertant et même troublant de les voir se retirer à ce moment-ci — le refus de recourir à la procédure accélérée pour approuver l'adhésion du Chili à l'Accord de libre-échange, l'adoption unilatérale de la loi Helms-Burton et d'autres mesures législatives ayant des effets extra-territoriaux, soit des décisions unilatérales qui touchent des tiers pays comme le Canada. Ces faits sont très troublants. En agissant ainsi, les États-Unis contreviennent aux règles de l'OMC, au droit international et à l'ALÉNA, ce qui ne semble pas les décourager pour autant.

Ils ont signé ces accords. Ils en font partie. Nous nous attendons que les États-Unis, comme tous les autres, respecteront leurs engagements.

L'Union européenne invoque l'OMC pour obliger les États-Unis à revenir sur leur décision d'adopter la loi Helms-Burton, et nous agissons de même dans le cadre de l'ALÉNA. Nous nous appuyons réciproquement.

Je dois cependant avouer qu'aussi inquiétant et irritant que soit ce comportement, en règle générale, nos relations commerciales avec les États-Unis sont plutôt bonnes. Quatre-vingt-quinze pour cent de nos échanges se font sans problème, sans prise de bec, jour après jour. Ce sont les autres 5 p. 100 des échanges qui retiennent l'attention des médias et, bien sûr, qui sont inquiétants

a unilateral way which is outside the multilateral trading system which they were so instrumental in implementing and now are flying in the face of that.

I think it is important to pursue that to make sure that the United States does live up to its obligations. After they get out of this election year, we hope they will again take a leadership role in the multilateral trading system.

I am not quite sure about the other question you were asking me, senator, in terms what we might do to expand our opportunities in Europe. In my opening remarks and in answer to other questions, I hope left the impression that we do place a lot of priority in Europe. We cannot be scatter-gunning all over the place, but we do have a lot of things going. I am devoting as much time and attention as I can to where I see good opportunities.

I saw a good opportunity in Germany. My predecessor appointed a man by the name of Bill Waite, who was a former president of Siemens of Canada, to go over there and comb the market. He had a lot of networking already in place and, as a result of that, I think we are going to get a lot of business, with a lot of investment coming to Canada. In fact, I went over there to help him follow up on some of those leads.

I would like to see us do more of that in Europe. We have people in this country who have origins in those countries, who understand the business, the culture and the language, and who have the kind of networking that the Bill Waites of the world do. I would like to use those resources that we have in our country. I am sure there are many retired businessmen or about-to-be-retired businessmen who have been executives of European subsidiaries in Canada. Let us use that model to advantage. I certainly intend to explore that idea as part of a strategic plan to develop these opportunities with Europe.

The Chairman: What is the current situation with regard to the access by European fishing fleets to Canadian Atlantic ports?

Mr. Eggleton: They are now allowed. The announcement was actually made on Friday. It will take one month to change the regulations, but on Friday it was announced that the Canadian ports are once again open to European fisheries.

The Chairman: Minister, we realize the bell is calling, and your mind is moving to another place. Thank you for your attendance here today. We will detain your officials for a few minutes.

Perhaps the officials could tell us a little more about the Atlantic ports. You say that the announcement has been made, but that it will take a month or so to rewrite the regulations.

Mr. Juneau: The announcement of the government's decision to reopen the ports to the EU vessels was made on Friday. Apparently it takes one month to amend the regulations so that

— le litige actuel en particulier parce que les États-Unis ont agi unilatéralement, ce que ne permet pas le régime commercial multilatéral qu'ils ont tant contribué à mettre en place et dont ils font maintenant fi.

Il importe de persister dans nos efforts en vue de leur faire respecter leurs obligations. Une fois que les présidentielles auront eu lieu cette année, nous espérons qu'ils reprendront leur rôle de leader dans le régime commercial multilatéral.

J'hésite quant à la réponse à vous donner à l'autre question, sénateur, soit ce que nous pourrions faire pour accroître les possibilités commerciales en Europe. Dans mon exposé et en réponse à d'autres questions, j'espère avoir donné l'impression que nous accordons de l'importance à l'Europe. Nous ne pouvons pas disperser nos énergies partout à la fois, mais nous avons beaucoup de choses en marche. J'accorde autant de temps et d'attention que je le peux aux occasions qui me semblent belles.

Ainsi, l'Allemagne semblait en être une. Mon prédécesseur a demandé à un homme du nom de Bill Waite, ex-président de Siemens au Canada, de se rendre là-bas pour tâter le pouls. Cet homme avait déjà un bon réseau en place là-bas. Par conséquent, nous allons, je crois, décrocher bien des contrats, une grande partie de l'investissement venant du Canada. En fait, je m'y suis rendu pour l'aider à concrétiser certaines possibilités.

J'aimerais que nous ayons davantage recours à de tels moyens en Europe. Le Canada compte des personnes originaires de ces pays, des personnes qui connaissent le marché, la culture et la langue et qui font le genre de réseautage auquel s'adonnent les Bill Waite de ce monde. J'aimerais que nous nous servions des ressources que nous avons chez nous. Je suis sûr qu'il existe au Canada de nombreux hommes d'affaires à la retraite ou sur le point de la prendre qui ont dirigé des filiales européennes au Canada. Utilisons ce modèle à notre avantage. J'ai certes l'intention d'examiner cette idée dans le cadre d'un plan stratégique visant à profiter des possibilités commerciales qui s'offrent en Europe.

Le président: Quelle est la situation actuellement en ce qui concerne l'accès des flottilles de pêche européennes aux ports canadiens de l'Atlantique?

M. Eggleton: Elles y sont désormais réadmissées. En fait, l'annonce a eu lieu vendredi dernier. Il faudra attendre un mois avant que le règlement ne soit changé, mais, dès vendredi, on a annoncé que les ports canadiens étaient dorénavant ouverts aux bateaux de pêche européens.

Le président: Monsieur le ministre, nous entendons le timbre sonner et nous savons que vous avez l'esprit ailleurs. Je vous remercie d'avoir accepté de comparaître ici aujourd'hui. Nous demandons à vos fonctionnaires de demeurer sur place pour quelques instants encore.

Les fonctionnaires de M. Eggleton peuvent peut-être nous en dire davantage au sujet des ports de l'Atlantique. Vous avez dit que l'annonce a été faite, mais qu'il faudra attendre un mois à peu près, le temps de modifier le règlement.

M. Juneau: Le gouvernement a annoncé, vendredi dernier, sa décision d'admettre les navires de l'Union européenne dans nos ports. Il faut, semble-t-il, un mois pour modifier le règlement en

this measure can be implemented. Basically we can expect the first European ships, if they so wish, to appear in our Canadian ports by the beginning of July.

The Chairman: What developments took place which made it possible for the Government of Canada to make this decision?

Mr. Juneau: The decision to reopen the ports vessels is part of what we call normalization of our relations with the European Union in the field of fisheries. As we speak, an action plan is being negotiated, along with a political declaration with the European Union, by which we want to demonstrate that we are developing increasingly friendly and fruitful relationships. We did not feel that it made sense to maintain that measure which was adopted in 1987, when basically we had no cooperation on the part of the European Union in the fishing area.

As you know, we had an agreement with them that ended the fish war one year ago. We feel that this is a measure which will be beneficial not only for the European countries, but also for us.

The Chairman: The implication is that European ships are conforming to the appropriate fishing practices. Who is establishing what is appropriate as a fishing practice?

Mr. Juneau: That is basically the agreement that we have within NAFO. Each European fishing boat fishing off our coast has to have an inspector from the European Union to follow the activities that are taking place on the boat. That was one of the major points we achieved in negotiation with the European Union after the so-called fish war.

The Chairman: This question is based not on any great knowledge of what happens on European boats, but what sometimes is alleged to happen on Canadian boats. One hears that very often these observers, not the ones that you are talking about, find it necessary to spend a great deal of time in their bunks. Is the implication of reopening the ports that the government is satisfied that the observer program is working properly insofar as European ships are concerned?

Mr. Juneau: We are certainly satisfied that the new arrangement that we have with the European Union is working properly. It is not perfect; activities may happen on these boats that we cannot control. However, it is certainly interesting to note that, in theory, when a European boat comes into a Canadian harbour, it can be inspected in the Canadian harbour. That will be an additional incentive to make sure that they behave properly.

It will be interesting to see how much time it takes before they begin to call in our ports because they have developed different practices.

Senator Bolduc: Some do not come at all.

Mr. Juneau: Some do not come in at all. They are refuelled by tankers coming off our coast, and they unload their ship.

conséquence. Essentiellement, nous pouvons nous attendre à l'arrivée des premiers navires européens dans nos ports canadiens d'ici le début de juin.

Le président: Que s'est-il produit pour que le gouvernement du Canada puisse rendre cette décision?

M. Juneau: La réouverture des ports aux navires européens fait partie de ce que nous appelons la normalisation de nos relations avec l'Union européenne dans le secteur des pêches. Un plan d'action fait actuellement l'objet de négociations, ainsi qu'une déclaration politique avec l'Union européenne, pour démontrer que nous voulons établir des relations de plus en plus amicales et fructueuses. Nous n'avons pas cru bon de maintenir une mesure adoptée en 1987, alors que nous ne pouvions pratiquement pas compter sur la collaboration de l'Union européenne dans ce secteur.

Comme vous le savez, nous avons conclu une entente avec l'UE il y a un an pour mettre fin à la guerre de la pêche. Nous croyons que cette mesure sera avantageuse non seulement pour les pays européens, mais également pour nous.

Le président: Cela sous-entend que les navires européens respectent les pratiques de pêche appropriées. Qui détermine si une pratique de pêche est appropriée?

M. Juneau: Cela relève essentiellement de l'accord que nous avons conclu avec la NAFO. Chaque bateau européen qui pêche le long de nos côtes doit avoir à son bord un inspecteur de l'Union européenne qui surveille les activités de ce bateau. C'est là l'une des principales réalisations des négociations avec l'Union européenne après la guerre de la pêche.

Le président: Ma question se fonde non pas sur une connaissance approfondie de ce qui se passe sur les bateaux européens, mais plutôt sur ce qui, selon certains, se produit sur les bateaux canadiens. Ces observateurs, pas ceux dont vous venez de parler, passeraient une très grande partie de leur temps sur leur couchette. La décision de rouvrir les ports signifie-t-elle que le gouvernement est d'avis que le programme des observateurs fonctionne adéquatement en ce qui concerne les navires européens?

M. Juneau: Il n'y a pas de doute que le nouvel accord intervenu avec l'Union européenne fonctionne adéquatement. Il n'est pas parfait. Certaines choses sur lesquelles nous n'exerçons aucun contrôle peuvent se produire sur ces bateaux. Toutefois, il est certainement intéressant de noter que, en théorie, un bateau européen qui arrive dans un port canadien peut y être inspecté. Il s'agit là d'une mesure supplémentaire qui incite ces navires à respecter les procédures établies.

Il sera intéressant de voir dans combien de temps ces bateaux commenceront à faire escale dans nos ports parce qu'ils ont adopté des pratiques différentes.

Le sénateur Bolduc: Certains d'entre eux ne viennent pas du tout.

M. Juneau: C'est exact. Certains sont ravitaillés par des navires-citernes qui viennent de nos côtes, et ils en profitent pour décharger leur cargaison.

Senator Bolduc: You have accepted the mutual recognition of inspectors?

Mr. Juneau: Yes, we accept that the European inspectors are capable.

Senator Bolduc: They are not Spanish inspectors on Spanish ships?

Mr. Juneau: From time to time they can be Spanish, because you cannot be discriminatory. The European Union cannot decide that a Spanish inspector cannot inspect a fishing boat. They can be Spaniards, but they can be also British, Irish, German.

Senator MacEachen: I want to follow up on a question I put to the minister about the report this committee will produce.

Mr. Juneau is negotiating with Europeans, and the Europeans watch to a certain extent and the Canadian ambassadors in Europe watch what we do. They read these reports. What kind of a report, in your mind, would be positive to advance the Canada-Europe relationship?

Senator Bolduc: Assuming there is bipartisan politics.

Mr. Juneau: I will give you my personal view about that. You have been visiting all these European countries, so you would have a better idea than I do about how to approach this forum.

Certainly one of the problems we have in this country is ensuring that people in Canada understand the importance of Europe. Whether we like it or not, the European Union is becoming more and more important all the time. Obviously, this is a process which has been evolving over the last 40 years; sometimes quickly and sometimes more slowly, but it has always been evolving toward increasing the importance of the European Union.

I would suggest, first, senator, that your report should aim at demonstrating the importance of the European Union which is not very well known in Canada. The second point, I think, would be to establish a better understanding of the economic importance of the European Union for Canada, the fact that the European Union is the second most important trade and economic partner of Canada. Many people think that it is Asia Pacific, but the figures demonstrate that European investors in Canada are ten times more important than any investors from Asia.

There is also what I call values history culture. There is not one area of the world where we share values as we do with the European Union — and when we do speak about the European Union today, we are speaking about what we used to call Western Europe. We share the same democratic values, human rights, cultural values, in terms of French and English, and other values.

Le sénateur Bolduc: Les deux parties ont-elles accepté de reconnaître leurs inspecteurs respectifs?

M. Juneau: Oui, nous reconnaissons que les inspecteurs européens sont compétents.

Le sénateur Bolduc: Les inspecteurs des navires espagnols sont-ils espagnols?

M. Juneau: Ils le sont quelquefois, parce qu'on ne peut pas établir de distinction. L'Union européenne ne peut décider qu'un inspecteur espagnol ne peut pas inspecter un bateau de pêche. Ces inspecteurs peuvent être espagnols, mais ils peuvent également être britanniques, irlandais ou allemands.

Le sénateur MacEachen: Je veux revenir à une question que j'ai posée au ministre au sujet du rapport que notre comité présentera.

M. Juneau négocie avec les Européens, les Européens surveillent le processus dans une certaine mesure et les ambassadeurs du Canada en Europe surveillent ce que nous faisons. Ils lisent ces rapports. D'après vous, quel type de rapport permettrait d'améliorer les relations entre le Canada et l'Europe?

Le sénateur Bolduc: En supposant que les politiques soient bipartites.

M. Juneau: Je vais vous donner mon opinion personnelle. Vous avez visité tous ces pays européens, vous devriez donc avoir une meilleure idée que moi de la façon d'aborder la question.

L'un des problèmes auxquels nous devons faire face au Canada, c'est de nous assurer que les Canadiens comprennent l'importance de l'Europe. Que nous le voulions ou non, l'Union européenne est appelée à jouer un rôle de plus en plus considérable. Évidemment, ce processus évolue depuis 40 ans, quelquefois rapidement et quelquefois plus lentement, mais il a toujours favorisé l'essor de l'Union européenne.

Je vous suggérerais tout d'abord, monsieur le sénateur, de rédiger un rapport qui chercherait à démontrer l'importance de l'Union européenne, car celle-ci n'est pas très bien connue au Canada. Le second point serait de mieux faire comprendre l'importance économique que revêt l'Union européenne pour le Canada et de souligner le fait qu'elle vient au second rang des partenaires économiques et commerciaux du Canada. Bien des gens croient que cette place est occupée par la région Asie-Pacifique, mais les chiffres démontrent que, au Canada, les investisseurs européens sont dix fois plus nombreux que les investisseurs asiatiques.

Il y a également ce que j'appelle les valeurs culturelles. C'est avec l'Union européenne que nous partageons le plus de valeurs — et lorsque nous parlons maintenant de l'Union européenne, nous faisons référence à ce que nous appelions l'Europe de l'Ouest. Nous avons la même conception de la démocratie, nous nous intéressons également aux droits de la personne et nous partageons notamment les mêmes valeurs culturelles, tant en ce qui concerne les francophones que les anglophones.

It is important to stress that, while we certainly enjoy a good cultural relationship with the United States and with the other parts of the world, the relationship between Europe and Canada is fundamental.

My last point is that, if we do not get more involved with European Union, life will go on for them and we will be marginalized. Basically, we are fighting against marginalization of Canada in our relationship with Europe and in the perceptions that the Europeans have of us. If Canada is to remain an interesting partner for them, we have to remind them of our importance. We have to have more visits similar to the visit this committee had in Europe.

Those are four suggestions that I would have for your report, and I am sure that you will wish to add other points, in terms of your own interest in Bosnia and the contribution that Canada has made there. We do not link what we do on the military side with what we do on the security and defence side, but we do not shy away from mentioning to the Europeans that our contributions to peacekeeping in former Yugoslavia has reached \$750 million, which is a lot of money. We remind them of that to make sure that they understand the importance of their developing a good and valued relationship with Canada.

The Chairman: Thank you for your testimony. It has been most useful to us.

The committee adjourned.

Il importe de souligner que, même si nous entretenons de très bons liens culturels avec les États-Unis et les autres régions du monde, nos liens avec l'Europe sont primordiaux.

Mon dernier point, c'est que si nous ne nous associons pas davantage à l'Union européenne, celle-ci poursuivra son essor et nous serons marginalisés. Il nous faut essentiellement lutter contre la marginalisation du Canada dans nos relations avec l'Europe et changer la perception qu'ont les Européens de nous. Si le Canada veut demeurer un partenaire intéressant pour eux, nous devons leur rappeler notre importance. Nous devons faire davantage de visites comme celle que le comité a faite en Europe.

Je vous ai fait quatre suggestions pour votre rapport, et je suis persuadé que vous voudrez ajouter d'autres points, par exemple en ce qui concerne l'intérêt que vous portez à la Bosnie et la contribution canadienne à cet égard. Nous n'établissons aucun lien entre les activités militaires et les mesures prises en matière de sécurité et de défense, mais nous ne devrions pas hésiter à mentionner aux Européens que nous avons fourni 750 millions de dollars, une grosse somme d'argent, pour les activités de maintien de la paix en ex-Yougoslavie. Nous devons le leur rappeler pour nous assurer qu'ils comprennent à quel point il est important d'établir des liens valables avec le Canada.

Le président: Merci pour votre témoignage. Cela nous a été très utile.

La séance est levée.



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APPEARING—COMPARAÎT

The Honourable Art Eggleton, P.C., Minister for International
Trade.

L'honorable Art Eggleton, c.p., ministre du Commerce
international.

WITNESSES—TÉMOINS

*From the Department of Foreign Affairs and International
Trade:*

Jean-Pierre Juneau, Assistant Deputy Minister, Europe
Branch;

Gordon Venner, Deputy Director, European Union Division;

Paul Haddow, Director, Tariffs and Market Access Division.

*Du Ministère des Affaires étrangères et du Commerce
international:*

Jean-Pierre Juneau, sous-ministre adjoint, Secteur de
l'Europe;

Gordon Venner, directeur adjoint, Direction de l'Union
européenne;

Paul Haddow, directeur, Direction des droits de douanes et de
l'accès aux marchés.



Second Session
Thirty-fifth Parliament, 1996

Deuxième session de la
trente-cinquième législature, 1996

SENATE OF CANADA

SÉNAT DU CANADA

*Proceedings of the Standing
Senate Committee on*

*Délibérations du comité
sénatorial permanent des*

Foreign Affairs

Affaires étrangères

Chairman:
The Honourable JOHN B. STEWART

Président:
L'honorable JOHN B. STEWART

Wednesday, June 5, 1996

Le mercredi 5 juin 1996

Issue No. 4

Fascicule n° 4

Third Proceedings on:

Examination and reporting on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the European Union for economic, political, and defence relations between Canada and Europe

Troisième réunion concernant:

L'étude des répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe

WITNESS:
(See back cover)

TÉMOIN:
(Voir à l'endos)

THE STANDING SENATE COMMITTEE ON
FOREIGN AFFAIRS

The Honourable John B. Stewart, *Chairman*

The Honourable Pat Carney, P.C. *Deputy Chair*

and

The Honourable Senators:

Andreychuk	Grafstein
Bacon	Kelleher
Bolduc	* Lynch-Staunton
Carney	(or Berntson)
Corbin	MacEachen, P.C.
* Fairbairn, P.C. (or Graham)	Ottenheimer
Gauthier	Stollery

* *Ex Officio Members*
(Quorum 4)

LE COMITÉ SÉNATORIAL PERMANENT DES
AFFAIRES ÉTRANGÈRES

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et

Les honorables sénateurs:

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Gauthier	Stollery

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(Quorum 4)

MINUTES OF PROCEEDINGS

OTTAWA, Wednesday, June 5, 1996

(6)

[Translation]

The Standing Senate Committee on Foreign Affairs met this day at 3:20 p.m. in room 256-S of the Centre Block, the Chairman, the Honourable John B. Stewart, presiding.

Members of the Committee present: The Honourable Senators Andreychuk, Bacon, Bolduc, Corbin, Grafstein, Stewart and Stollery. (7)

Also present: From the Research Branch of the Library of Parliament: Mr. Anthony Chapman, Economics Division.

In attendance: Official Senate reporters.

WITNESS:

From the University of Montreal:

Panayotis Soldatos, Professor, Holder of the chaire Jean Monnet, European Studies.

Pursuant to its Order of Reference of Wednesday, February 28, 1996, the Committee resumed its proceedings on the examination and reporting on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the European Union for economic, political and defence relations between Canada and Europe.

Professor Soldatos made a presentation.

At 4:00 p.m., the Committee adjourned for a vote in the Senate.

At 4:22 p.m., the Committee resumed sitting.

Professor Soldatos answered questions.

At 5:10 p.m., the Committee adjourned to the call of the Chair.

ATTEST:

PROCÈS-VERBAL

OTTAWA, le mercredi 5 juin 1996

(6)

[Français]

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui, à 15 h 20, dans la pièce 256-S de l'édifice du Centre, sous la présidence de l'honorable John B. Stewart (*président*).

Membres du comité présents: Les honorables sénateurs Andreychuk, Bacon, Bolduc, Corbin, Grafstein, Stewart et Stollery. (7)

Également présent: Du Service de recherche de la Bibliothèque du Parlement: M. Anthony Chapman, Division de l'économie.

Aussi présents: Les sténographes officiels du Sénat.

TÉMOIN:

De l'Université de Montréal:

Panayotis Soldatos, professeur, titulaire de la chaire Jean Monnet — Études européennes.

Conformément à son ordre de renvoi du mercredi 28 février 1996, le comité considère l'examen, pour en faire rapport, des répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe.

Monsieur Soldatos fait une présentation.

À 16 h 00, le comité ajourne ses travaux pour permettre la participation des membres à un vote au Sénat.

À 16 h 22, le comité reprend ses travaux.

Monsieur Soldatos répond aux questions.

À 17 h 10, le comité s'ajourne jusqu'à nouvelle convocation de la présidence.

ATTESTÉ:

Le greffier du comité,

Serge Pelletier

Clerk of the Committee

EVIDENCE

OTTAWA, Wednesday, June 5, 1996

The Standing Senate Committee on Foreign Affairs met this day at 3:15 p.m. to continue its study on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the emergence of the European Union for economic, political, and defence relations between Canada and Europe.

Senator John B. Stewart (*Chairman*) in the Chair.

[*English*]

The Chairman: Honourable senators, our witness this afternoon is Professor Dr. Panyatis Soldatos. He is the occupant of the Jean Monnet Chair at the University of Montreal. Dr. Soldatos comes with a distinguished academic background. He is twice a doctor of philosophy. He has been a visiting fellow at Harvard University. He has been a visiting professor at the Universities of Jean Moulin de Lyon, Paris, Versailles, McGill and Concordia.

Dr. Soldatos, please proceed with your opening remarks.

[*Translation*]

Mr. Panayatis Soldatos, Chaire Jean Monnet, University of Montreal: Mr. Chairman, I will be making a presentation within a context that is my own and that has its own limits. Being a legal scholar and political scientist, I won't be venturing into other fields in the presentation. During the question period, I will try to answer those questions that go beyond the framework of my presentation as best I can.

Thus, I am going ... my remarks will focus on the development of the political and institutional system of the European Union, a system which is currently being revised: an intergovernmental conference is taking place, a "constitutional" conference, the purpose of which is to amend the framework of this system in order to better prepare it for a large number of countries, 20, 25 or more, within 10 or 15 years.

It is therefore important to get the clearest possible idea of that framework because, with respect to policies for us in Canada, it is easier to create policies and to deal with a system whose nature we know well and whose essence or context we understand, the purpose being to deal with the European Union both bilaterally and trilaterally, when the United States is part of a trilateral dialogue, or even multilaterally when we have to deal with the Europeans in the context of international organizations or fora such as the World Trade Organization and so on. Lastly, it is important to be familiar with this system because it is very particular: it is difficult to get a clear idea of what it is, here and elsewhere, because there are no other systems of this kind in our political culture.

We have a system which both is intergovernmental, like an international organization, and also has a dose of federalism, hence the difficulty and the importance of examining it. There is another reason that leads me to focus on this system and that is

TÉMOIGNAGES

OTTAWA, le mercredi 5 juin 1996

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui, à 15 h 15, pour poursuivre son examen des répercussions de l'intégration de l'Union européenne sur la conduite des affaires publiques nationales des États membres et des répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe.

Le sénateur John B. Stewart (*président*) occupe le fauteuil.

[*Traduction*]

Le président: Honorables sénateurs, notre témoin cet après-midi est le professeur Panayotis Soldatos. Il occupe la chaire Jean Monnet de l'Université de Montréal. La notice biographique du professeur Soldatos est impressionnante. Il a obtenu deux doctorats. Il a été «fellow» de l'Université Harvard. Il a été professeur invité à l'Université Jean Moulin de Lyon, et aux Universités de Versailles, McGill et Concordia.

Professeur Soldatos, veuillez présenter votre déclaration d'ouverture.

[*Français*]

M. Panyatis Soldatos, chaire Jean Monnet, Université de Montréal: Monsieur le président, je présenterai un exposé qui va se faire dans le cadre qui est le mien et qui a ses limites. Étant juriste et politologue, je ne vais pas m'aventurer dans d'autres champs au niveau de l'exposé. Quand il y aura la période des questions, je tâcherai de répondre de mon mieux à celles qui pourraient déborder le cadre que je vais présenter.

Ainsi je vais... mes remarques porteront sur le développement du système politique et institutionnel de l'Union européenne. Ce système est actuellement en révision: il y a une conférence intergouvernementale, donc une conférence «constitutionnelle», qui vise à modifier le cadre de ce système pour mieux le préparer pour un large nombre de pays de 20, 25 et plus d'ici 10 ou 15 ans.

Aussi est-il important de le cerner avec le plus de précision, parce qu'ainsi, en termes de politiques pour nous au Canada, il est plus facile de faire des politiques et de traiter avec un système dont nous connaissons bien la nature, dont nous comprenons l'essence, le contexte; et ceci pour traiter avec l'Union européenne, aussi bien sur le plan bilatéral que trilatéral, lorsque les États-Unis font partie du dialogue trilatéral, ou alors même multilatéral, lorsque nous avons à traiter avec les Européens dans le cadre d'organismes internationaux ou des forums internationaux comme l'Organisation mondiale du commerce et d'autres. Il est, enfin, important de connaître ce système parce qu'il est très particulier: on arrive difficilement à le cerner, ici comme ailleurs, parce qu'il n'existe pas d'autres systèmes de ce genre dans notre culture politique.

Nous avons un système qui est à la fois intergouvernemental, comme une organisation internationale, et a aussi une dose de fédéralisme. D'où la difficulté; d'où l'importance de l'examiner. Il y a une autre raison qui me porte à mettre l'accent sur ce système:

the fact that, in Canada, for reasons relating to the difficulty of the system, but also to our own political controversies, the system of the European Union has been presented at times as a federal and at others as an intergovernmental system, depending on the political allegiance of the speaker. In Canadian and Québécois debates, this system has virtually been presented as a pot-luck affair. But it isn't a pot-luck affair; it is a system which, though special, has specific rules of operation. It can be understood objectively and it is important to examine it, particularly since that will enable us to see what this system is evolving or could evolve toward. Thus, rather than present this system and its workings in a technical manner, it is important to present it in accordance with its basic forms of logic.

What are these basic forms of logic on which the European Union's system, which in fact turns mainly on the European Communities, has been built and has evolved for more than 40 years: the common foreign and security policy and domestic and legal affairs are fields of pure intergovernmental cooperation where there is not much to say, except regarding their weakness in producing coherent and effective international and European policies?

These types of logic were in large part conceived by Jean Monnet, when he inspired the creation of the European Communities, and also facilitated and inspired by the circumstances of the time.

In this regard, I have identified seven basic types of logic around which this European system evolves, and sometimes does not evolve, and around which the debate turns today in Europe.

The first logic of this system is the logic of an elitist system. This is a system that was founded and that operates to a large degree apart from direct intervention by the public, by citizens. It is a system that was conceived among elites. The treaties that created the European Communities were never submitted to ratification by referendum. Furthermore, until the late 1970s, there was not even any directly elected European parliament. Representatives of the national parliaments sat in an assembly. Thus, it is a system that, in its creation and operation, is evolving without any direct impact by citizens. I would not only say without, but also sheltered from: it had to be protected. It wasn't inadvertently or in an anti-democratic spirit that the European Union, the European Community at the time, was created without direct elected representation, without ratification of the accords by referendum: there was a desire to prevent premature politicization of the system, which could force it to go out of control.

We in Canada are of course familiar with out-of-control agreements between political elites when plans are submitted for consultation in referenda. Provision was made at the time that, if political debate were instituted, they would never manage to create the European Communities because many political parties in various countries were hostile to the European Union, because Europe was emerging from a great war and it was not at all natural for the French and the Germans to hand their sovereignty over together to a common system, the European Communities.

c'est le fait qu'au Canada, pour des raisons liées à la difficulté du système, mais aussi à nos propres controverses politiques, le système de l'Union européenne a été tantôt présenté comme étant un système fédéral, tantôt comme étant un système intergouvernemental, selon l'obédience politique de l'acteur. Dans les débats canadien et québécois, on a présenté presque sous forme d'auberge espagnole ce système. Mais ce n'est pas une auberge espagnole, c'est un système qui, tout en étant particulier, a des règles précises de fonctionnement. On peut le cerner objectivement et il est important de s'y pencher; ceci d'autant plus que cela nous permettra de voir vers où ce système évolue ou pourrait évoluer. Alors, plutôt que de présenter de façon technique ce système, sa «plomberie», il est important de le présenter selon ses logiques de base.

Quelles sont ces logiques de base sur lesquelles on a construit et on a fait évoluer, depuis plus de 40 ans, le système de l'Union européenne qui en fait tourne surtout autour des communautés européennes —, la politique étrangère et sécurité commune, les affaires intérieures de justice sont des domaines plutôt de pure coopération intergouvernementale où il n'y a pas beaucoup à dire, si ce n'est leur faiblesse de produire des politiques cohérentes et efficaces sur le terrain international et européen?

Ces logiques sont des logiques qui ont été, en bonne partie, imaginées par Jean Monnet, quand il a inspiré la création des Communautés européennes, et facilitées et inspirées aussi par le contexte de l'époque.

À cet égard, j'ai identifié sept logiques de base autour desquelles évolue ou parfois n'évolue pas ce système européen et autour desquelles se fait le débat aujourd'hui en Europe.

La première logique de ce système est qu'il est un système élitiste. C'est un système qui a été fondé et qui fonctionne, en bonne partie, en dehors de l'intervention directe du public, du citoyen. C'est un système qui était conçu entre élites. Les traités qui ont créé les Communautés européennes n'ont jamais été soumis à une ratification référendaire. Puis, jusqu'à la fin des années 70, il n'y avait même pas de Parlement européen directement élu. C'étaient des représentants des parlements nationaux qui allaient siéger à une assemblée. Donc, c'est un système qui évolue en dehors, dans sa création et fonctionnement, de l'impact direct du citoyen. Je ne dirais pas seulement en dehors, mais aussi à l'abri: il fallait le protéger. Ce n'était pas par inadvertance ou par esprit antidémocratique que l'Union européenne, la Communauté européenne à l'époque, a été créée sans une élection directe, sans ratification référendaire des accords: on a voulu éviter une politisation prématurée du système, politisation qui pourrait le faire déraiser.

Et bien sûr, nous connaissons, au Canada, quand on soumet à des consultations référendaires des projets, des dérapages d'accords conclus entre élites politiques. On a justement prévu à l'époque que si l'on ouvrait les débats politiques, on pourrait ne jamais arriver à créer les Communautés européennes; parce qu'il y avait beaucoup de partis politiques, dans différents pays, hostiles à l'Union européenne; parce qu'on sortait d'une grande guerre et que ce n'était pas tout à fait normal que les Français et les Allemands confient ensemble leur souveraineté à un système commun, aux Communautés européennes.

For all these reasons, a system was created at the outset with a democratic deficit in order to prevent major political debate from derailing or causing a system that was young, that was special, that was new and that we did not know to go out of control. We had never known a system that was neither a state nor an international organization. If we opened this new, young, original and indeed fragile system to debate, we risked losing control.

This then is the first original feature: it is a elitist system. An elitist system and I am referring, among other things, to the technocratic elite in Brussels — you have encountered it at the commission: the commissioners and their team of 14,000 or 15,000 officials. They were given a role as a driving force in this elitist logic. The technocratic elite had a role as a driving force. This role as a driving force was first of all a role of legislative initiative.

Unlike our systems where it is Parliament's role to introduce bills, to legislate, in the Community system, the commission has the monopoly on legislative proposals. Why? Because it was considered that a technocratic body removed from politics could synthesize all these national interests. Likewise, the final product, legislation in Europe, is produced today, with a few changes in Parliament, a Council of Ministers, as though the Canadian cabinet were legislating here. There was also a wish, with this democratic deficit obviously, to keep the legislation process isolated so that the commission, which proposes legislation and which is neutral, could first homogenize all national interests and then enable the ministers to conduct their negotiations, their bargaining, in isolation and to come up with a piece of Community legislation.

The second type of logic is the logic of proportionality. Mr. Bourassa often emphasized this aspect. Proportionality states that the institutions and their powers must be proportionate to the degree of economic integration.

The EC is not a free trade zone, nor is it a customs union. It is a common market, a single market with elements of economic and monetary union. Thus, this thorough integration must have proportionately strong institutions at its disposal, institutions that are strong in proportion to the degree of integration. One understands then why we have weak institutions under NAFTA: we have only a free trade zone.

Why strong institutions? First, for rapid decision-making. If we adopt a common agricultural policy, if we must negotiate under GATT and adopt a common trade policy, it must be done quickly. We cannot say to others, to the Americans or to the Japanese: we have a weak institutional system; we need a year or two to come to a common decision. Speed in these questions of economic integration calls for institutions that are capable of acting quickly. And what does acting quickly mean? That the institutions are strong, that they have decision-making powers within the EU; they legislate; they have legislative power and they reach decisions by majority vote rather than unanimously. This need for speed is a prerequisite, but there is also the need for cohesion. When you have 15 countries, as is the case today, you cannot make decisions in accordance with the lowest common denomina-

Toutes ces raisons ont fait qu'on a créé, dès le début, un système avec un déficit démocratique voulu, pour éviter que de grands débats politiques fassent dérailler, dérailler un système qui est jeune, qui est particulier, qui est nouveau, que nous ne connaissons pas. On n'a jamais connu un système qui ne soit ni un État, ni une organisation internationale. Si l'on ouvre ce système nouveau, jeune, original, voire fragile, à des débats, nous risquons de déraiper.

Voilà donc la première originalité: un système élitiste. Un système élitiste et je me réfère, entre autres, à l'élite technocratique de Bruxelles — vous avez rencontré, à la commission, les commissaires et leurs équipes de 14 000 ou 15 000 fonctionnaires. C'est à elles qu'on a donné un rôle moteur dans cette logique élitiste. L'élite technocratique avait un rôle moteur. Ce rôle moteur était, d'abord, un rôle d'initiative législative.

En effet, contrairement à nos systèmes où c'est au Parlement de proposer des lois, de légiférer, dans le système communautaire, la commission a le monopole des propositions de législation. Pourquoi? Parce qu'on a pensé qu'un organe technocratique, éloigné du politique, pourrait faire la synthèse de tous ces intérêts nationaux. De même, le produit final, la législation en Europe, sort aujourd'hui avec quelques changements au niveau du Parlement, d'un conseil des ministres, comme si ici, le Cabinet canadien légiférait. On a voulu là aussi garder, en vase clos, avec ce déficit démocratique évidemment, le processus de législation pour que la commission d'abord, qui propose et qui est neutre, puisse faire l'homogénéisation de tous les intérêts nationaux et, par la suite, permette aux ministres de faire, en vase clos, leurs négociations, leur «bargaining» et arriver à une législation communautaire.

La deuxième logique, c'est la logique de la proportionnalité. Monsieur Bourassa a souvent insisté sur cet aspect. La proportionnalité dit qu'il faut que les institutions et leurs pouvoirs soient en proportion avec le degré d'intégration économique.

La CE n'est pas une zone de libre-échange, ce n'est pas une union douanière; c'est un marché commun, un marché unique avec déjà des éléments d'union économique et monétaire. Donc, cette intégration poussée doit avoir en proportion, à sa disposition, des institutions fortes, aussi fortes que le degré fort d'intégration. On comprend alors pourquoi, dans l'ALÉNA, on a des institutions faibles; il n'y a qu'une zone de libre-échange.

Pourquoi des institutions fortes? D'abord, pour la rapidité de la décision. Si l'on doit adopter une politique agricole commune, si l'on doit négocier au GATT et adopter une politique commerciale commune, il faut le faire vite. On ne peut pas dire aux autres, aux Américains, aux Japonais: «Nous avons un système institutionnel faible. Il nous faut un an ou deux pour générer une décision commune». La rapidité dans ces questions d'intégration économique nécessite des institutions capables d'agir vite. Et agir vite, cela veut dire quoi? Que les institutions soient fortes, qu'elles aient des pouvoirs de décision dans l'UE, elles légifèrent; elles ont un pouvoir législatif; elles adoptent des décisions à la majorité plutôt qu'à l'unanimité. C'est un prérequis, ce besoin de rapidité. Mais il y a aussi le besoin de cohésion. Quand vous avez aujourd'hui 15 pays, on ne peut pas prendre des décisions selon le

tor; hence the need for a system that is above the member countries, that is what we call supranational. This partly resembles federalism, with institutions that have received sovereign powers from the member states in order to legislate in their fields of jurisdiction and to do so in accordance with their own rules without everyone necessarily being in agreement. Today, with the majority rule, we see that major countries such as Germany and France can be relegated to the minority. That is why there are currently countries in the Intergovernmental Conference that want to review majority decision-making. Some are proposing not only a majority of countries, not only a majority of votes, but also a majority of populations. The reason is that the large countries realize that, with the new expanded Europe, they would be relegated to the minority to the benefit of the small countries.

Thus, there was a desire for autonomous and independent institutions to act quickly and coherently without taking into account the lowest common denominator of everyone around the table. This was the second type of logic, the logic of proportionality. It is the Single European Act. President Jacques Delors was able to sell this proportionality argument by saying: we must reinforce the institutions as we move toward the single market. In the Single European Act, we cannot refer only to the single market, opening borders for goods, services, capital and people; we must also speak of institutions. Thus, with the Single European Act, you have both the creation of a single market and a strengthening of institutions. In particular, the Parliament has received more legislative powers, the commission has received more executive powers and the field in which decisions are made by the majority has been broadened. There has been a desire to make the single market proportionate to the institutions or rather to make the institutions proportionate to the single markets. Thus, if economic integration is strengthened, institutional, decision-making and policy integration must be strengthened as well. This is the second principle: proportionality.

The third principle is that of monitored sovereignty. In the Community system, we have the principle of monitored sovereignty. That means that sovereign rights in agricultural policy and trade policy, fields where the Community has received sovereign powers, sovereign rights are transferred and exercised in a supervised manner. There is of course a body that oversees these transfers of sovereignty and that is the Council. This has been transferred to the common institutions: there is a Parliament, a commission which proposes legislation, but, ultimately, the body that essentially decides is the Council of Ministers: it oversees the exercise of common sovereignty; it oversees so that the states, the governments, are present at the table where legislative decisions are made. This is a transfer of sovereignty, but one that is overseen by the government representatives of the member states who essentially have legislative power. This is the third principle, the third type of logic.

The fourth type of logic is the creation of a system of mixed elites. The European Union is not only a system of technocratic elites. There are technocratic elites such as the commission and

dénominateur commun le plus bas. D'où le besoin de disposer d'un système qui soit au-dessus des pays membres — qu'on appelle supranational. Cela ressemble, en partie, au fédéralisme, avec des institutions qui ont reçu des pouvoirs souverains des États membres pour légiférer dans les domaines de leur compétence et le faire selon leurs propres règles et sans que tout le monde soit nécessairement d'accord. On voit aujourd'hui qu'avec la règle majoritaire, on peut minoriser de grands pays comme l'Allemagne et la France. C'est la raison pour laquelle, actuellement, dans la Conférence intergouvernementale, il y a des pays qui veulent réviser la décision à la majorité. Aussi, certains proposent non seulement une majorité de pays, non seulement une majorité de votes, mais aussi une majorité de populations. La raison, c'est que les grands pays se rendent compte qu'avec la nouvelle Europe élargie, ils seraient minorisés au profit des petits pays.

Donc, on a voulu ainsi que des institutions autonomes et indépendantes agissent avec rapidité, cohérence, sans tenir compte du dénominateur commun le plus bas, de tout le monde autour de la table. Cela, c'est la deuxième logique, celle de la proportionnalité. C'est l'acte unique européen. Le président Jacques Delors a pu vendre cet argument de proportionnalité en disant: en allant vers le marché unique, il faut renforcer, en même temps, les institutions. On ne peut pas dans l'acte unique, parler seulement de marché unique, d'ouverture des frontières, pour les biens, les services, les capitaux et les personnes; il faut aussi parler d'institutions. C'est ainsi que dans l'acte unique, vous avez à la fois la création d'un marché unique et un renforcement des institutions. Notamment, le Parlement a reçu plus de pouvoirs législatifs; la commission a reçu plus de pouvoirs exécutifs, la décision de la majorité a étendu son champ. On a voulu mettre le marché unique en proportion avec les institutions ou plutôt les institutions en proportion avec les marchés uniques. Donc, si l'on renforce l'intégration économique, il faut renforcer l'intégration institutionnelle, décisionnelle, politique. C'est le deuxième principe: la proportionnalité.

Le troisième principe est celui de la souveraineté surveillée. Dans le système communautaire, on a le principe de la souveraineté surveillée. Cela veut dire qu'on transfère des droits souverains, en politique agricole, en politique commerciale, dans les domaines où la communauté a reçu des pouvoirs souverains, des droits souverains, on les exerce de façon surveillée. Il y a, bien sûr, un organe qui surveille ces transferts de souveraineté: c'est le conseil. L'on a transféré cela aux institutions communes: il y a un Parlement; il y a une commission qui propose les législations; mais, en dernier ressort, celui qui décide pour l'essentiel, c'est le conseil des ministres: il surveille cet exercice de souveraineté commune; il la surveille pour faire en sorte que les États, les gouvernements, soient présents autour de la table qui prend les décisions législatives. C'est un transfert de souveraineté, mais qui est surveillé par les représentants gouvernementaux des États membres qui ont l'essentiel du pouvoir législatif. C'est le troisième principe, la troisième logique.

La quatrième logique est celle de la création d'un système d'élites mixtes. L'Union européenne n'est pas un système d'élites technocratiques seulement. Il y a des élites technocratiques

the Court of Justice, but, besides the technocratic elites, the political elites of the European Parliament and the Council have been brought together. Of the four important institutions in the system, you have two, the Court of Justice and the commission, that are technocratic and two, the European Parliament and the Council of Ministers, that are political. A system of mixed elites has thus been created by making them necessarily interdependent.

What does necessarily independent mean? It means that none of these elites can act alone in delivering the legislative goods. The commission proposes legislation and the Council can do nothing unless one of the commission's legislative proposals is put before it. Thus, it depends on the commission. Conversely, the ministers cannot amend the commission's proposals unless they do so unanimously. As I have already said, they may pass legislation by majority vote, but to change or amend a proposal, they must do so unanimously. This means that they are required to negotiate with the commission. There is a tandem effort. But the commission's proposal cannot be easily discarded because unanimity is hard to achieve. As Montesquieu said, "You must go in concert, you must go together". They are required to work in tandem in order to produce something. And it is moreover this second aspect which troubles a certain number of countries. In the British proposals made by the Minister of Foreign Affairs recently in March, it was announced that if the Council did not rule on the commission's proposals within a certain time, it was hoped that they would be abandoned and that the proposals would cease to exist. This is one way of circumventing the idea that the commission's proposals cannot be amended unless they are amended unanimously. Furthermore, as you know, without going into the details, the treaties provided that the Council may be charged with failing in its obligations if it does not rule.

This tandem arrangement has now become a triangle because, as you know, since the Single European Act and particularly the Maastricht Treaty, the European Parliament has received joint decision-making power in a certain number of fields. Legislative fields are cited, section by section, and the treaties and require a joint decision with Parliament. Parliament must be in agreement with the Council. Here you have the commission which proposes legislation and Parliament and the Council which, in joint decision-making, decides. Thus you have a system of interdependent mixed elites, a triangular system in many cases. It is a system which is consistent with this type of logic, that it is possible to work with everyone, the political elites and technocratic elites in order to take into account the political sensibilities of the Council and of Parliament and, furthermore, is consistent with the quality of the decision, what is called the quality of the dossiers. On this last point, the commission has technocratic legitimacy: it prepares its dossiers, it consults the various states and it consults the various economic and social sectors. Thus it is able to produce draft legislation that reflects all aspects of the subject and all players, because leaving this task to the Council is somewhat like asking a federal-provincial conference to legislate. It is impossible. There were thus very good reasons for putting responsibility for legislation in the hands of technocrats.

comme la commission, comme la Cour de justice. Mais, à côté des élites technocratiques, on a mis ensemble les élites politiques du Parlement européen et du conseil. Sur les quatre institutions importantes du système, vous en avez deux qui sont technocratiques: la Cour de justice et la commission, et deux qui sont politiques: le Parlement européen et le conseil des ministres. On a créé un système d'élites mixtes, en les mettant en interdépendance nécessaire.

Que veut dire l'interdépendance nécessaire? C'est qu'aucune de ces élites ne peut agir seule et livrer la marchandise législative. La commission propose et le conseil ne peut rien faire sans qu'il soit saisi d'une proposition législative de la commission, donc, il dépend de la commission. Inversement, les ministres ne peuvent modifier la proposition de la commission qu'à l'unanimité. Ils peuvent adopter les législations à la majorité, on l'a dit; mais pour modifier, pour amender une proposition, il faut l'unanimité. Cela veut dire qu'ils sont obligés de négocier avec la commission qui peut modifier, elle-même, sa proposition. Il y a une négociation entre le conseil et la commission. Il y a un tandem. Mais on ne peut pas se débarrasser de la proposition de la commission facilement, parce que l'unanimité, c'est chose difficile. Montesquieu disait qu'il faut aller de concert, il faut aller ensemble. Ils sont obligés de travailler en tandem pour produire quelque chose. Et c'est d'ailleurs ce deuxième aspect qui gêne un certain nombre de pays. Dans les propositions britanniques du ministre des Affaires étrangères, dernièrement, au mois de mars, on annonce que l'on souhaite que, si le conseil ne se prononce pas sur les propositions de la commission pendant un certain temps, on les abandonne et que ces propositions n'existent plus. C'est une façon de contourner l'idée qu'on ne peut modifier les propositions de la commission qu'à l'unanimité. En plus, vous savez, sans entrer dans les détails, que dans les traités, on prévoit que l'on peut condamner le conseil pour carence s'il ne statue pas.

Ce tandem est devenu maintenant un triangle. Parce que, comme vous le savez, depuis l'acte unique, et surtout le traité de Maastricht, le Parlement européen a reçu, dans un certain nombre de domaines, un pouvoir de codécision. Il y a des domaines législatifs qui sont cités, article par article, dans les traités et qui exigent la codécision avec le Parlement. Il faut que le Parlement soit d'accord avec le conseil. Là, vous avez la commission qui propose, le Parlement et le conseil, en codécision, qui décident. Vous avez un système donc d'interdépendance d'élites mixtes, triangulaire dans bien des cas. C'est un système qui répond à cette logique, que l'on puisse travailler avec tout le monde: les élites politiques, les élites technocratiques, pour arriver, d'une part, à tenir compte des sensibilités politiques du conseil et du Parlement, d'autre part, à la qualité de la décision — ce qu'on appelle la qualité des dossiers. À ce dernier propos, la commission a la légitimité technocratique: elle prépare ses dossiers; elle consulte les différents États; elle consulte les différents secteurs économiques et sociaux. Elle est ainsi capable de générer des projets législatifs qui ont fait le tour du sujet et des acteurs. Car, laisser cette tâche au conseil, c'est comme demander à une conférence fédérale-provinciale de légiférer. C'est impossible. Donc, on a eu raison de mettre le démarrage législatif au niveau technocratique.

The fifth principle is that of legal federalism. In legal terms, the European system of the European Community, not the common foreign and security policy, operates in accordance with a logic of legal federalism. In other words, the final product of legislation — regulations, a decision, a directive — has legal effects with which we are familiar in federal systems.

The first element of federalism implies that the regulations are directly applicable in each member country. The states have nothing to do to ratify them, incorporate them or transpose them. Just as an act is passed in Ottawa that applies to the entire federal jurisdiction, Community regulations passed in Brussels are directly similarly applicable. This is a principle of legal federalism, of the superimposition of Community rules. From the moment they are passed, they enter into the legal order of each of the 15 member countries.

The second element of legal federalism is that of the supremacy of Community law, of Community legislation, over national rights. This is a revolutionary idea. Regulations take precedence over all domestic legislation and domestic judges must give them precedence in cases of conflict.

In the Canadian debate, for example, in the case of an association of the Maastricht type, the Community statute will take precedence over the statute of the National Assembly in an area of the Community's jurisdiction.

The third principle of this type of federalism is that there is a Court of Justice, a supreme court — we can call it that — which has the privilege of interpreting community law. If a question of interpretation of Community law is raised in the highest court of any country — a supreme court in France, England, Germany and so on — that court is required to refer the case to the Court of Justice of the European Communities for interpretation. This is required by article 177. A trial court may do so, but the EEC is not required to make such reference. And it is the interpretation of the Court of Justice of the European Communities which has the authority of *res judicata*, which applies to the judge who requested it.

Federalism has other aspects, but these three are essential: direct applicability, supremacy of Community law and the privilege of the interpretation of Community law granted to the Court of Justice of the European Communities.

The sixth logic is the logic of indirect legitimacy. The European Union — and the Community — is not based on a logic of direct legitimacy such as we know in our political cultures, that is to say the logic of universal suffrage which permits a player to do things, to legislate, to decide. In the Community systems, as I have said, the commission proposes legislation, but has no direct mandate. It is not elected. It is the governments of the member states that, since Maastricht but not before it, have appointed it after it is approved by the European Parliament. Furthermore, the Council, which legislates, has not been elected as a legislative body of the European Union. It is the ministers, and they are of course legitimate because they have the approval of their national parliaments, but, with respect to the Community, they do not have a direct mandate from Europeans. The only body that has a direct

Le cinquième principe est celui du fédéralisme juridique. Au niveau juridique, le système européen de la Communauté européenne, et non pas la politique étrangère et de sécurité commune, fonctionne selon une logique de fédéralisme juridique. C'est-à-dire que le produit final de législation — un règlement, une décision, une directive — a des effets juridiques que nous connaissons dans les systèmes fédéraux.

Le premier élément de fédéralisme implique que le règlement est directement applicable dans chaque pays membre. Les États n'ont rien à faire pour le ratifier, l'incorporer, le transposer. Comme on adopte une loi à Ottawa qui s'applique sur l'ensemble du territoire fédéral, de la même façon un règlement communautaire adopté à Bruxelles est directement applicable. Cela est un principe de fédéralisme juridique, de superposition des règles communautaires; dès leur adoption, elles entrent dans l'ordre juridique de chacun des 15 pays membres.

Le deuxième élément du fédéralisme juridique est celui de la primauté du droit communautaire, des législations communautaires sur les droits nationaux. C'est révolutionnaire. Un règlement prime sur toute législation nationale et les juges nationaux doivent y donner préséance, en cas de conflit.

Dans le débat canadien, par exemple, en cas d'association du type Maastricht, la loi communautaire va primer sur la loi de l'Assemblée nationale, dans un domaine de la compétence de la communauté.

Le troisième principe de ce fédéralisme, c'est qu'il y a une Cour de justice, une Cour suprême, nous pouvons l'appeler ainsi, qui a un privilège d'interprétation du droit communautaire. Si une question d'interprétation du droit communautaire est posée dans une juridiction nationale de dernière instance — une Cour suprême française, anglaise, allemande, et cetera — celle-ci est obligée de renvoyer, le dossier pour interprétation à la Cour de justice des Communautés européennes. L'article 177 le dit. Une juridiction de première instance peut, mais la CEE n'est pas obligée de recourir à ce renvoi. Et c'est l'interprétation de la Cour de justice des Communautés européennes qui a l'autorité de la chose jugée, qui s'impose au juge qui l'a demandée.

Il y a d'autres aspects que le fédéralisme implique, mais ces trois sont essentiels: applicabilité directe, primauté du droit communautaire et privilège d'interprétation du droit communautaire donné à la Cour de justice des Communautés européennes.

La sixième logique est celle de la légitimité indirecte. L'Union européenne — et la communauté — n'est pas basée sur une logique de légitimité directe que nous connaissons dans nos cultures politiques, c'est-à-dire sur la logique du suffrage universel qui mandate un acteur à faire des choses, à légiférer, à décider. Dans les systèmes communautaires, comme je vous l'ai dit, la commission propose des législations, mais n'a aucun mandat direct. Elle n'est pas élue. Ce sont les gouvernements des États membres qui la nomment après qu'elle ait été, depuis Maastricht, mais pas avant, approuvée par le Parlement européen. Par ailleurs, le conseil qui légifère n'a pas été élu comme organe législatif de l'Union européenne. Ce sont des ministres, et bien sûr, ils sont légitimes parce qu'ils ont l'approbation de leurs parlements nationaux, mais, au niveau communautaire, il n'ont pas un mandat

mandate, and has had that mandate since 1979, is the European Parliament, which nevertheless has a limited range of legislative power.

The commission and the Council thus have indirect legitimacy. The commission's legitimacy stems from the fact that it is approved by the European Parliament and that it is appointed by the governments of the member states, which have their own legitimacy. Likewise, the Council has a secondary legitimacy. It is legitimized in each national parliament. The French or German minister sitting on the Council acts on that body on the basis of this indirect legitimacy. To go beyond this system of indirect legitimacy would be to create a federal system.

If the commission were to be given direct legitimacy, the result would be an American-style and thus a presidential administration. If the European legislature were to be given direct legitimacy, all legislative power would then have to be transferred to the European Parliament, which would thus make the system a federal one and make the Council a second chamber because the Council is the forerunner of a second chamber, an upper chamber, by virtue of the fact that it consists of representatives of the member states. For the moment, however, everything operates on the basis of indirect legitimacy, at the cost obviously of this democratic deficit and a communication deficit. People do not understand how ministers legislate in isolation, how a commission of technocrats proposes legislation. This is the cost that has been observed in Europe in referenda in France, Denmark and elsewhere.

It has clearly been said that the system has a deficit, but this was desired for the reasons I tried to explain at the outset. Democratic logic is indirect; it is not only indirect, it is more legal than political. In other words, there is a Court of Justice that can set aside legislation.

As for political legitimacy, it begins with the Maastricht Treaty, which makes provision for a European citizen. This European citizen has certain powers, but cannot vote except for the European Parliament or in local elections. An attempt has been made to introduce political legitimacy through this European citizenship, which moreover has caused great debate.

The last form of logic is the logic of the "spillover": from one level of economic integration, we slide toward another level of economic integration; from one level of economic integration, we could slide toward political integration. There is a "spillover" logic from the outset. When Jean Monnet proposed the European Communities, he knew that a federal system would not be accepted either by the states and their governments or by public opinion. He therefore proposed what some called federalism in disguise, starting with a common market, which leads to an economic and monetary union and to political unification.

First, he foresaw an economic "spillover": from a level of integration entailing a customs union and an as yet incomplete common market, there would be a move toward a single market, then toward an economic and monetary union. His first forecast of economic "spillover" was based on the socialization of the elites and the masses: ministers who have worked on a Council

direct des européens. Le seul qui a un mandat direct depuis 1979, c'est le Parlement européen, qui, toutefois, n'a qu'une tranche limitée du pouvoir législatif.

La commission et le conseil n'ont donc une légitimité indirecte. Celle de la commission vient du fait qu'elle est approuvée par le Parlement européen et qu'elle est nommée par les gouvernements des États membres, qui, eux, ont leur légitimité. De même, le conseil a une légitimité de second degré; il est légitimé dans chaque parlement national. Le ministre français ou allemand qui siège au conseil y agit avec cette légitimité indirecte. Aller au-delà de ce système de légitimité indirecte, ce serait créer un système fédéral.

Si l'on veut légitimer la commission directement, on aurait une administration de style américain, donc présidentielle. Si l'on veut légitimer directement le législatif européen, il faut alors transférer tout le pouvoir législatif au Parlement européen, donc, fédéraliser le système, et faire du conseil une deuxième Chambre — parce que le conseil est la préfiguration d'une seconde Chambre, d'une Chambre haute, du fait des représentants des États membres. Mais pour l'instant, tout fonctionne avec une légitimité indirecte, avec des coûts, évidemment, de déficit démocratique et de déficit de communication. Les gens ne comprennent pas comment des ministres légifèrent en vase clos, comment une commission de technocrates propose des législations. C'est le coût que l'on a vu en Europe, lors des référendums, en France, au Danemark et ailleurs.

On a bien dit que ce système a un déficit. Mais c'était voulu ainsi, pour les raisons que j'ai essayé d'expliquer au tout début. La logique démocratique est indirecte et elle est non seulement indirecte, mais elle est plus juridique que politique. C'est-à-dire que l'on a une Cour de justice qui peut annuler des législations.

Quant à la légitimité politique, elle commence avec le traité de Maastricht qui prévoit un citoyen européen. Ce citoyen européen, il a certains pouvoirs, mais il ne peut voter que pour le Parlement européen ou aux élections locales. On a essayé d'introduire la légitimité politique, par cette citoyenneté européenne, qui a suscité, d'ailleurs, un grand débat.

La dernière logique est celle du «spillover»: d'un niveau d'intégration économique, on glisse vers un autre niveau d'intégration économique; d'un niveau d'intégration économique, on pourrait glisser vers une intégration politique. Il y a une logique de «spillover» dès le départ. Quand Jean Monnet proposait les Communautés européennes, il savait qu'un système fédéral ne serait pas accepté, ni par les États et les gouvernements, ni par les opinions publiques. Donc, il a proposé ce que certains ont appelé le fédéralisme déguisé: on commence par un marché commun qui conduira à l'union économique et monétaire et à l'unification politique.

D'abord, il a prévu un «spillover» économique: d'un niveau d'intégration d'union douanière, de marché commun encore incomplet, on irait vers un marché unique, puis vers une union économique et monétaire. Sa première prévision de «spillover» économique est basée sur la socialisation des élites et des masses: des ministres qui travaillent au sein d'un conseil pendant de

for many years know each other and are socialized in the European idea. Mrs. Thatcher, who did not greatly like Europe, played the game! She blocked its progress from time to time, but she signed the Single European Act, the act that created the single markets, with stronger institutions than previously. For the public, there was a utilitarian socialization. Jean Monnet's gamble was utilitarian first, then emotional afterward. A European state cannot be created; people are not immediately European. They do not have an identity, but they find this system, which provides them with material well-being, profitable. They will begin to like it and to want to live within it. Besides, we have difficulty moving toward a monetary union today because what is utilitarian is not clear to everyone. When they see 18 million unemployed workers, 11 percent on average, people say, "What purpose has Europe served?" And, lastly, there is the political. There was a hope that Europe would move from the economic to the political, but it is less clear that will happen. It is less clear that there will be an automatic shift from the economic to the political. It is difficult to achieve a supranational system in common foreign and security policy and domestic and legal affairs as in economic affairs. The second and third pillars of the European Union are still pillars of cooperation, not integration like the economic pillar. This shift from the economic to the political has not occurred and it is not certain that it will.

These are the seven basic types of logic of an evolving system which, again this year, is being disputed at the Intergovernmental Conference; some of these types of logic are indeed being disputed.

[English]

The Chairman: Thank you, Dr. Soldatos.

History tells us that the Canadian federation was very difficult to achieve. My own province, Nova Scotia, and my neighbouring province, New Brunswick, two of the Atlantic provinces, joined Confederation because of what was perceived as an immediate threat from the Fenian raiders. On the other hand, Prince Edward Island and Newfoundland, a bit farther away from New England, did not join because they did not feel so threatened. Then, as government became more complicated, the tensions within the union seemed to grow. We coped with them one way or another reasonably well, but we must remember that there we were dealing with fairly simple societies.

In Europe, on the other hand, we are not dealing with simple societies. We are dealing with well developed ethnic groups, national groups, and I can understand why they were prepared to accept this complicated new structure as long as there was a clear and present danger. However, that danger is no longer so clear, and it is not so present. I just wonder if the centripetal forces are adequate to produce a workable enlarged European union, particularly in those areas where attempts are being made to restrain government services in order to bring about monetary union.

What is your view as to the viability of the present union and of an enlarged union in the circumstances that you foresee?

nombreuses années, ils se connaissent, ils sont socialisés à l'idée européenne. Madame Thatcher, qui n'aimait pas beaucoup l'Europe, a joué le jeu! Elle bloquait de temps en temps, mais elle a signé l'acte unique européen, cet acte de création des marchés uniques, avec des institutions plus fortes qu'avant; pour le public, il y a la socialisation utilitaire. Le pari de Jean Monnet, c'est l'utilitaire d'abord, l'affectif après. On ne peut pas créer un État européen, les gens ne sont pas européens tout de suite. Ils n'ont pas une identité, mais ils trouvent rentable ce système qui leur apporte un bien-être matériel. Ils vont commencer à l'aimer et à vouloir y vivre. D'ailleurs si, aujourd'hui, on a des difficultés pour aller vers une union monétaire, c'est que l'utilitaire n'est pas évident à tout le monde. Quand on voit 18 millions de chômeurs, 11 p. 100 de moyenne, les gens disent: mais l'Europe a servi à quoi? Et finalement, il y a le politique. Il y avait l'espoir que de l'économique, on irait vers le politique, mais cela est moins évident; l'automatisme du passage de l'économique au politique est moins évidente. En politique étrangère et de sécurité commune, dans les affaires intérieures et de justice, on a du mal à avoir un système supranational comme au niveau économique. Les deuxième et troisième piliers de l'Union européenne restent encore des piliers de coopération et pas d'intégration comme le pilier économique. Ce passage de l'économique au politique ne s'est pas produit; il est incertain.

Voilà les sept logiques de base d'un système en évolution qui est, encore cette année, contesté à la Conférence intergouvernementale; on conteste, en effet, en partie, certaines de ces logiques.

[Traduction]

Le président: Merci, professeur Soldatos.

L'histoire nous démontre que la fédération canadienne ne s'est pas bâtie sans difficulté. Ma propre province, la Nouvelle-Écosse, et sa voisine, le Nouveau-Brunswick, deux des provinces de l'Atlantique, sont entrées dans la Confédération à cause de ce qui était perçu comme une menace imminente des Fenians. Par contre, l'Île-du-Prince-Édouard et Terre-Neuve, un peu plus éloignées de la Nouvelle-Angleterre, ne sont pas entrées parce qu'elles ne se sentaient pas aussi menacées. À mesure que le gouvernement est devenu plus compliqué, les tensions ont donc semblé grandir dans l'union. Nous y avons fait face, d'une façon ou d'une autre, raisonnablement bien, mais nous devons nous rappeler qu'il s'agissait de sociétés relativement simples.

En Europe, par contre, il ne s'agit pas de sociétés simples, mais plutôt de groupes ethniques, de groupes nationaux bien développés, et je peux comprendre pourquoi ils étaient prêts à accepter cette nouvelle structure compliquée tant qu'il y avait un danger clair et concret. Mais ce danger n'est plus aussi clair, ni aussi concret. Je me demande seulement si les forces centripètes sont assez puissantes pour produire une Union européenne élargie viable, en particulier là où l'on tente de limiter les services gouvernementaux afin d'instaurer l'union monétaire.

Quel est votre point de vue sur la viabilité de l'union actuelle et d'une union élargie dans les circonstances que vous prévoyez?

[Translation]

Dr. Soldatos: Pressure for a more coherent Europe in international terms is there from the outside as a result of international competition with Japan and the United States and from the southern countries that are customers of Europe's economy.

There is an integration rationality there that dates from the time of Jean Monnet, even though there was no globalized economy at the time. There was the imperative of European reconstruction through the common market, whereas the economic and monetary union involves the European bloc's competitiveness with the rest of the world.

Now there remains the question of the shift to further economic and political integration. You have put your finger on the problem, Mr. Chairman. It is true that these old nations have moved toward economic integration for non-economic reasons because, at the end of the war, Europe found itself, for the first time in history, a hostile superpower and a completely different ideology that defended another economic and political system. It is said that Stalin was the architect of the common market together with Jean Monnet! It is true that economic needs were seen more objectively as a result of this threat, from an angle that was not at all that of the national interest.

The fact that this empire of the east no longer exists removes the external pressure. We know that the external factor was an integrating element in federations, including our own: direct or indirect external threats force cohesion on a regional player.

It is true that the absence of this political, military and ideological threat today removes an ingredient that could result in greater cohesion in the Intergovernmental Conference.

There has been a relaxing: if we're talking about Bosnia, people may think, wrongly, that they can live with the current situation. They would not be able to live with the same situation if the Soviet Union still existed. They would have acted otherwise if they had known that the Soviet Union was exploiting or receiving dividends from the conflict in the former Yugoslavia. The absence of political pressure has made people slow to realize the need for solidarity, even economic solidarity, even if, in my view, the economic danger in international competition today is much greater.

However the pressure will come from the monetary union. The greatest hope for Europe to further political and institutional integration within the next three or four years is monetary.

The Germans have clearly emphasized this "spillover" idea: if we create a monetary union, we will need an economic government, a certain fiscal harmonization, a fiscal pact, an economic pact and constant budgetary discipline. Will there be pressure for further economic integration? When we think of economic government, we see a certain degree of decision-making authority. If monetary union is realized, it will be the driving force toward political "spillover".

[Français]

M. Soldatos: La pression de l'extérieur due à la compétitivité internationale du Japon et des États-Unis, le pression des pays du Sud, clients de l'Europe économique, pour une Europe plus cohérente sur le plan international sont là.

Il y a là une rationalité d'intégration qui date de l'époque de Jean Monnet, même s'il n'y avait pas d'économie mondialisée globalisée. C'était l'impératif de la reconstruction de l'Europe via le marché commun, tandis que l'union économique et monétaire renvoie à la compétitivité du bloc européen vis-à-vis du reste du monde.

Il reste maintenant la question du passage à plus d'intégration économique et politique. Monsieur le président, vous avez mis le doigt sur le problème. Il est vrai que ces vieilles nations ont bougé vers l'intégration économique pour des raisons non économiques, parce que l'Europe, sortant de la guerre, se trouvait pour la première fois dans l'histoire une superpuissance hostile et d'une idéologie complètement différente, qui défendait un autre système économique et politique. On dit que Staline était l'architecte du marché commun avec Jean Monnet! C'est vrai que cette menace a fait que les besoins économiques ont été vus avec plus d'objectivité, selon un angle qui n'était pas tout à fait celui de l'intérêt national.

Le fait que cet empire de l'Est n'existe plus enlève la pression externe. On sait que dans les fédérations, le facteur externe était un élément intégrateur, y compris dans la nôtre: des menaces externes directes ou indirectes forcent à la cohésion un acteur régional.

Il est vrai que l'absence aujourd'hui de cette menace politico-militaire et idéologique enlève un ingrédient qui pourrait faire prendre mieux la mayonnaise dans la Conférence Intergouvernementale.

Il y a une décontraction: s'il s'agit de la Bosnie, les gens peuvent penser, à tort, qu'ils peuvent vivre avec la situation que nous connaissons. Ils ne pourraient pas vivre avec la même situation s'il y avait l'Union soviétique. Ils auraient agi autrement s'ils savaient que l'Union soviétique exploitait ou tirait des dividendes du conflit dans l'ex-Yougoslavie. L'absence de pression politique ralentit la prise de conscience du besoin de solidarité, même économique, même si, pour moi, le danger économique est beaucoup plus grand, aujourd'hui, dans la concurrence internationale.

Mais la pression viendra de l'union monétaire. Le plus grand espoir de voir l'Europe réussir d'ici trois ou quatre ans, dans l'approfondissement politique et institutionnel, c'est le monétaire.

Les Allemands ont bien souligné cette idée du «spillover»: si nous faisons l'union monétaire, il faudra un gouvernement économique, une certaine harmonisation fiscale, un pacte fiscal, un pacte économique, une discipline budgétaire constante. Y aura-t-il des pressions pour plus d'intégration économique? Lorsque nous pensons à un gouvernement économique, on envisage une certaine autorité pour décider. Si l'union monétaire se réalise, elle sera la locomotive vers le «spillover» politique.

We must draw a distinction in another area, that of nationalism. This nationalism is currently an Eastern European phenomenon. Of course, there have been trends toward self-rule in Scotland, Spain and Belgium. This is not fragmentary nationalism. The Catalans, for example, believe it is to their benefit to be part of Europe and Spain at the same time. Spain is a good vehicle for Europe and Europe is a good vehicle for Spain. They are betting on a more decentralized framework that is both European and national. They are not seeking to fragment the national systems in western Europe. There are not really any major separatist movements.

The eastern countries, on the other hand, are a special case. First, in the wake of many recent events, there are large national minorities in a certain number of countries raising problems within the delineation of existing borders. Second, these are nations which, having lived under Soviet domination, have development aspirations when they arrive on the international scene — somewhat as in the decolonization of the third world — and they want to take on the outward appearance of a nation. If we are in Bosnia, we want to have a Bosnian state. This is an eastern phenomenon which, in my view, if these countries are integrated into the European Union, will lose its strength, as we have seen in western Europe. The Slovaks and Czechs will realize that, by living in the European Union, they will have to combine their sovereignty in major economic fields and, later on, in domestic and legal affairs.

European integration today implies that the future is based on the existence or co-existence of a number of governing bodies: the World Trade Organization, European Union, the nation state, regions and cities.

If you consider, for example, the four regions that are the driving force of Europe, they have created a very extensive network consisting of the regions of Lombardy, Baden-Württemberg, Catalonia and the Rhône-Alps, with which Ontario has been associated for a few years.

These are the economic locomotives which, in certain fields, include more than a few of the nations states of the European Union: regions such as Baden-Württemberg, for example, have stronger economies than Greece and Portugal.

Ultimately, I believe that the east's integration into the European Union will soften these nationalist tendencies and lead to an integrational socialization of these countries and an acceptance of the combination of the number of societal frameworks such as the subnational, national, supranational or global frameworks. This is what we call subsidiarity. In the European Union Treaty, we have a subsidiarity article, 3(b), which affords each level of government the opportunity to do what it can do better. Subsidiarity has been a principle since Antiquity. We must get to the point where each level can act in accordance with efficiency criteria. I give you France as an example. Its education is national, but France has accepted the fact that there are education powers in the European Union, in occupational training, in diploma equivalencies, the creation of student mobility

Sur un autre plan, celui du nationalisme, il faut faire une distinction. Ce nationalisme est actuellement un phénomène de l'Europe de l'Est. Il y a eu, bien sûr, certaines tendances à l'autonomie en Écosse, en Espagne, en Belgique. Il ne s'agit pas de nationalisme de fragmentation. Les Catalans, par exemple, pensent qu'ils ont avantage à être en Europe et en Espagne à la fois. L'Espagne est un bon véhicule pour l'Europe et l'Europe est un bon véhicule pour l'Espagne. Ils font à la fois le pari de vivre dans un cadre européen et national, plus décentralisé. Ils ne cherchent pas à fragmenter les systèmes nationaux en Europe occidentale. Il n'y a pas vraiment de mouvements importants de séparation.

En revanche, les pays de l'Est sont un cas particulier. Premièrement, suite à beaucoup d'événements que nous connaissons, il y a des minorités nationales importantes dans un certain nombre de pays qui soulèvent des problèmes à l'intérieur des découpages des frontières existantes. Deuxièmement, ce sont des nations qui, ayant vécu sous la domination soviétique, ont une aspiration d'épanouissement lorsqu'ils arrivent sur la scène internationale — c'est un peu comme la décolonisation dans le tiers monde — et ils souhaitent se doter de l'habit national. Si nous sommes en Bosnie, nous voulons avoir un état bosniaque. C'est un phénomène de l'Est qui, à mon avis, si ces pays s'intègrent dans l'Union européenne, va perdre de sa force, comme nous l'avons vu dans l'Europe occidentale. Les Slovaques et les Tchèques vont se rendre compte qu'en vivant dans l'Union européenne, ils auront à mettre en commun leur souveraineté dans des domaines économiques importants et, plus tard, en matière d'affaires intérieures et de justice.

L'intégration européenne implique aujourd'hui que l'avenir est basé sur l'existence, la coexistence de plusieurs gouvernances: organisation mondiale du commerce, union européenne, État-nation, régions, villes.

Si vous considérez, par exemple, les quatre régions motrices de l'Europe, elles ont créé un réseau très important formé par les régions de la Lombardie, Bade-Wurtemberg, de la Catalogne, et de Rhône-Alpes auxquelles s'est associée l'Ontario depuis quelques années.

Ce sont des locomotives économiques qui, dans certains domaines, comptent plus que certains États-nations de l'Union européenne: par exemple, des régions comme le Bade-Wurtemberg ont une économie plus forte que la Grèce ou le Portugal.

En somme, je crois que l'intégration de l'Est dans l'Union européenne va amenuiser ces tendances du nationalisme et amènera une socialisation intégrative de ces pays et l'acceptation de la combinaison de plusieurs cadres sociétaux tels que les cadres sous-national, national, supranational ou mondial. C'est ce que nous appelons la subsidiarité. Dans le traité de l'Union européenne, nous avons, en effet, un article de subsidiarité, l'article 3b), qui laisse à chaque niveau de gouvernement la possibilité de faire ce qu'il peut mieux faire. La subsidiarité est un principe depuis l'Antiquité. Il faut en arriver à ce que chaque niveau puisse agir selon des critères d'efficacité. Je donne en exemple la France. L'éducation est nationale; mais la France a accepté qu'il y ait des compétences en matière d'éducation dans l'Union européenne, en formation professionnelle, en équivalence des diplômes, en

networks and so on and that there are educational roles to play at the regional level and in the Chambers of Commerce. In a state such as France where education is so centralized, we find subsidiarity. Some things are being done at the subnational level in France, others at the national level and others still at the European level. It is this combination of systems that is effective.

So, with regard to nationalism, I draw a distinction between Eastern and Western Europe. The eastern countries that enter the European Union will solve their nationalism problems: the single market and monetary union will make them view sovereignty in a more pragmatic way, from a twenty-first century rather than a nineteenth century perspective. For the moment, as they leave the soviet empire, they are seeking sovereignty where they lost it when they were absorbed by that system; they are recovering their sovereignty.

The Maastricht Treaty itself is the cause of various crises of confidence. The Maastricht Treaty criteria are criteria of discipline in the macroeconomic policies of the member states, criteria of reduction, in particular of inflation, of foreign-held debt and of budget deficits.

We in Canada are attempting the same macroeconomic things, the same disciplines, without the Maastricht Treaty. In the United States, they are following the same approach in ordering public finances. Why? We say that if there were no Maastricht Treaty in Europe, we would have to invent it because it creates a framework which, by its criteria, imposes more macroeconomic disciplines because there is ultimately a price, a compensation: a single currency.

Everyone understands this, even the British. In British economic and financial circles, there is no hostility toward monetary union. The same is not true in the British Parliament or among certain political elites.

The Maastricht Treaty is here responding to the pressures of economic globalization. Employment is generated through economic growth and competitiveness, depending on the health of public finances and the macroeconomic policies in control.

But there are demagogical phenomena in certain countries. We attack the bureaucrats in Brussels, knowing full well that it is the Council that decides and that the Maastricht Treaty was signed by the governments of the member states, not by the bureaucrats in Brussels. The political stratum legislates in Europe, except that public opinion is that the bureaucrats in Brussels are imposing criteria that lead to austerity and thus to unemployment.

Senator Bolduc: How do you see the scenario for the intergovernmental session that has begun and that will probably last 18 months. Because of the British elections, they are going to let that pass.

They're going to try to refashion the institutions somewhat in order to adapt them. What possible scenario for change do you see in the institutions we have spoken of?

Will the European Parliament try to reinforce it?

création de réseaux de mobilité d'étudiants, et cetera, et qu'au niveau régional ou des Chambres de commerce, il y ait des rôles d'éducation. Dans un État aussi centralisé en éducation, comme la France, nous trouvons la subsidiarité. Il y a des choses qui se font au niveau sous-national français, d'autres au niveau national et d'autres au niveau européen. C'est plutôt cette combinaison des systèmes qui est performante.

Alors, au niveau du nationalisme, je distingue entre l'Est et l'Ouest de l'Europe. Les pays de l'Est qui entreront dans l'Union européenne vont justement régler leurs problèmes de nationalisme: le marché unique et l'union monétaire leur feront voir la souveraineté avec un oeil plus pragmatique, du vingt et unième siècle, plutôt que du dix-neuvième siècle. Comme ils sortent pour l'instant de l'empire soviétique, ils cherchent la souveraineté là où ils l'ont laissée, quand ils ont été absorbés par ce système; ils retrouvent leur souveraineté.

Quant au traité de Maastricht, il est lui-même à l'origine de crises de confiance. Les critères du traité de Maastricht sont des critères de discipline dans les politiques macro-économiques des États membres, de réduction, notamment de l'inflation, de la dette extérieure et de déficit budgétaire.

D'ailleurs, au Canada, nous tentons les mêmes choses au niveau macro-économique, les mêmes disciplines, sans le traité de Maastricht. Aux États-Unis, nous suivons la même approche, pour mettre de l'ordre dans les finances publiques. Pourquoi? Nous disons que si le traité de Maastricht n'existait pas en Europe, il faudrait l'inventer, parce qu'il crée un cadre qui force à plus de disciplines macro-économiques par ses critères, parce qu'en bout de ligne, il y a un prix, une compensation: la monnaie unique.

Tout le monde le comprend, même les Britanniques. Dans les milieux économiques et financiers britanniques, on n'est pas hostile à l'union monétaire. Ce n'est pas la même chose au Parlement britannique ou chez certaines élites politiques.

Le traité de Maastricht répond aux pressions de la globalisation de l'économie. C'est avec une croissance économique et une compétitivité — cela dépend de la santé des finances publiques, des politiques macro-économiques en contrôle — que l'on génère des emplois.

Mais il y a dans certains pays des phénomènes démagogiques. On s'en prend aux bureaucrates de Bruxelles, tout en sachant que c'est le conseil qui décide et que le traité de Maastricht a été signé par le gouvernement des États membres, et non par les bureaucrates de Bruxelles. C'est le niveau politique qui légifère en Europe, sauf que dans l'opinion publique, on dit que les bureaucrates de Bruxelles imposent des critères qui amènent de l'austérité, donc le chômage.

Le sénateur Bolduc: De quelle façon voyez-vous le scénario pour la séance intergouvernementale qui est commencée et qui va durer probablement — à cause des élections britanniques, ils vont laisser passer cela — 18 mois?

Ils vont tenter de refaire un peu les institutions pour les adapter. Que voyez-vous comme scénario possible de changement au niveau des institutions dont nous avons parlé?

Est-ce que le Parlement européen va tenter de le renforcer?

Will the bureaucrats in Brussels have to share their regulatory, legislative, policy or other initiatives either with the parliamentarians or through some other arrangement?

Will the European Council of Ministers remain what it is? What possible scenario for change do you see for the Senate? I raised the question when I was in Europe. As they understand it, there is no problem in a unitary system. When we decide no longer to live in a unitary system, for Canadians like us, that means we are in a federal system. I put the following question to Mr. Delors and to others: Are you verging on a federal system? He answered, "The federal system is still unthinkable."

I understood that their definition of federalism was something fairly centralized, something that would scare our English-speaking Canadians. That surprised me. He answered, "We aren't at that point, not at all; we are still far from that."

Even though not everyone will be part of the monetary union, there will be at least five or six countries in it in four or five years. That calls for political institutions that respond to that. Consequently, there is a federal system at the end of all this. How do you see that?

Dr. Soldatos: I'll begin with the second part of your question, that is regarding centralization. I will come back to the institutions, to the possible reform that we can expect this year rather than next year.

The European system is not centralized. First, when we think of European institutions, we must realize that decisions in the Council essentially require a qualified majority, which is obtained among the representatives of the governments of the member states.

Senator Bolduc: For economic issues and political issues?

Dr. Soldatos: For economic issues. As for political issues, at the second or third level, the system is entirely decentralized, in the hands of the member states.

At the institutional level, having a Council that legislates does not mean a great deal of centralization. After all, there must essentially be a majority of governments in order to decide.

Even though this is not the unanimity rule, it is nevertheless a fairly extensive decentralization: each government is there to oversee it, what is called monitored sovereignty. Ultimately, the key figure will remain the intergovernmental parliament. The bureaucrats in Brussels cannot be blamed for centralization, since we know that the decision is ultimately made within the Council. This is highly decentralized because all the countries are involved.

Furthermore, in the European Union, powers are far less centralized than in a federal state. It essentially has virtually exclusive power in agriculture, trade policy and competition.

In the remaining areas, there are shared powers, which are now subject to the subsidiarity rule, that is to say that the Community cannot act first: it acts only second, after demonstrating that the member states were incapable of acting effectively. It must test the

Est-ce que les bureaucrates de Bruxelles vont devoir partager leurs initiatives réglementaires ou législatives, peu importe, ou de politiques, avec soit les parlementaires ou une autre formule?

Est-ce que le conseil des ministres européen va rester ce qu'il est? Que voyez-vous comme scénario possible de changement du Sénat? J'ai soulevé la question lorsque j'étais en Europe. Selon leur compréhension, lorsque nous sommes dans un régime unitaire, il n'y a pas de problème; quand nous décidons de ne plus être dans un régime unitaire, pour des Canadiens comme nous, cela veut dire que nous sommes dans un régime fédéral. J'ai posé la question suivante à M. Delors et à d'autres: êtes-vous près d'un régime fédéral? Il m'a répondu que le régime fédéral était encore impensable.

J'ai compris que leur définition du fédéralisme était quelque chose d'assez centralisé: de quoi faire peur à nos amis Canadiens anglais. Cela m'a surpris. Il nous a répondu: «Nous n'en sommes pas là, mais pas du tout; nous sommes encore loin de cela.»

Même si tout le monde ne sera pas dans l'union monétaire, il y aura un minimum de cinq à six pays qui y seront dans quatre à cinq ans. Cela appelle des institutions politiques qui répondent à cela. Par conséquent, c'est un régime régime fédéral qui est au bout de cela. Comment voyez-vous cela?

M. Soldatos: Je commence par la deuxième partie de votre question, c'est-à-dire la centralisation. Je reviendrai aux institutions, à la réforme possible à laquelle on peut s'attendre cette l'année plutôt que l'année prochaine.

Le système européen n'est pas centralisé. Premièrement, lorsque nous parlons des institutions européennes, il faut se rendre compte que l'essentiel de la décision est au conseil une majorité qualifiée que l'on obtient au sein des représentants des gouvernements des États membres.

Le sénateur Bolduc: Pour les questions économiques et pour les questions politiques?

M. Soldatos: Pour les questions économiques. Pour ce qui est des questions politiques, au deuxième ou au troisième piliers, c'est un système tout à fait décentralisé, aux mains des États membres.

Au niveau institutionnel, avoir un conseil qui légifère, ce n'est pas beaucoup de centralisation. Après tout, c'est une majorité de gouvernements qui doit se dégager, pour l'essentiel, pour décider.

Même si ce n'est pas la règle de l'unanimité, c'est quand même une décentralisation assez importante: chaque gouvernement est là pour y veiller, ce que l'on a appelé la souveraineté surveillée. En dernier ressort, le maître d'oeuvre restera le législateur intergouvernemental. On ne peut pas blâmer les bureaucrates de Bruxelles de centralisation, sachant que la décision finale se prend au sein du conseil. C'est très décentralisé parce que tous les pays y sont.

Par ailleurs, dans l'Union européenne, en termes de compétences, on est beaucoup moins centralisé que dans un État fédéral. Elle a une compétence quasi exclusive essentiellement en agriculture, en politique commerciale et en concurrence.

Pour le reste, il y a des compétences partagées qui sont soumises maintenant à la règle de la subsidiarité, c'est-à-dire que la communauté ne peut agir en premier lieu: elle n'agit qu'en second lieu, après avoir démontré que les États membres n'étaient

member states' inability, as a result of which there have been only a few legislative proposals in the past two years.

Senator Bolduc: If we applied it to the environment, for example?

Dr. Soldatos: There, too, the Community must demonstrate that an environmental issue cannot be more effectively settled at the national level. The test is reversed: it must start by seeking effectiveness at the national level, then move to the Community level, not the reverse. It must not prove the Community's ability, but rather the nations' inability.

There is thus no centralization here to the extent that the commission is increasingly timid: each time it proposes legislation, it must apply the subsidiarity test, which considerably reduces its output of legislative proposals because, when it goes to the Council, it is asked the following question: did you actually apply the test? And the test is redone in Council. Subsidiarity thus enormously decentralizes the exercise of powers.

Another aspect of decentralization is the budgetary aspect. Europe is often said to be federal, but the Union has a budget that represents approximately 2.4 percent of all national budgets taken together. This must be viewed in relation to its powers. We can have all the powers in the world without the means to exercise them.

If we had the same powers in Canada at the federal level, with a budget representing 2.4 percent of all provincial budgets, you wouldn't go far. This is the European Community's problem. The problem is not only to give it powers: it must also be given the means to act.

In addition, in the Union, roughly 50 percent goes to common agricultural policy alone. We are thus left with only 50 percent of that 2.4 percent of the national budgets.

Senator Bolduc: Let us come back now to the scenario. What do you see?

Dr. Soldatos: The scenarios for the institutions, for the commission, a problem that will be resolved, such as the idea of electing a president, of giving him the opportunity to select his Cabinet and of submitting it to Parliament so that the states have nothing to do with the appointment of commissioners, as though this were a Parliament that invested exclusively, that of the number of commissioners. As Émile Noël, the former Secretary General of the commission, said, if Europe expanded toward the eastern countries, under the current rules — there would be two commissioners for the large countries and one for the small countries — we would have about 36 commissioners. That is a lot. It is not a lot for a federal system. In Canada, we have cabinets with as many ministers. However, the difference here is that you would have 36 commissioners from 25 countries. That's not 36 ministers from the same country. You would have people of various national and political origins, a highly fragmented political spectrum with a very large number of nationalities represented.

How do you go about reducing that number?

pas capables d'agir efficacement. Elles doivent faire le test de l'incapacité des États membres, ce qui fait que vous n'avez que peu de projets législatifs depuis deux ans.

Le sénateur Bolduc: Si nous l'appliquions en matière d'environnement, par exemple?

M. Soldatos: Là aussi, il faut que la communauté démontre qu'une question d'environnement ne peut pas être réglée mieux au niveau national. Le test est inversé: il faut commencer par le niveau national pour chercher l'efficacité, puis aller au niveau communautaire et non pas l'inverse: il ne faut pas démontrer la capacité communautaire, mais plutôt l'incapacité nationale.

Il n'y a donc pas centralisation ici dans la mesure où la commission est de plus en plus timide: chaque fois qu'elle propose une législation, il faut qu'elle fasse le test de subsidiarité, ce qui a réduit considérablement sa production de propositions législatives, car, quand elle arrive au conseil, on lui pose la question: avez-vous fait bien le test? Et on le refait au conseil. La subsidiarité décentralise donc énormément l'exercice des compétences.

Un autre aspect de décentralisation est l'aspect budgétaire. On dit souvent que l'Europe est fédérale, mais l'union a un budget qui représente environ 2,4 p. 100 de l'ensemble des budgets nationaux. Il faut mettre cela en parallèle avec ses compétences. Nous pouvons avoir toutes les compétences au monde sans les moyens de leur exercice.

Si nous avions les mêmes compétences au Canada, au niveau fédéral, avec un budget qui représente 2,4 p. 100 de tous les budgets provinciaux, vous n'iriez pas loin. C'est le problème de la Communauté européenne. Il ne s'agit pas seulement de lui donner des compétences: il faut aussi lui donner les moyens d'agir.

De surcroît, dans l'union, il y en a près de 50 p. 100 qui vont à la seule politique agricole commune. Nous restons avec seulement les 50 p. 100 de ces 2,4 p. 100 des budgets nationaux.

Le sénateur Bolduc: Revenons maintenant au scénario. Qu'est-ce que vous voyez?

M. Soldatos: Les scénarios pour les institutions, pour la commission, un problème qui va être résolu, tel que l'idée d'élire un président, de lui donner la possibilité de choisir son Cabinet et de le soumettre au Parlement, pour que les États n'aient rien à faire avec la nomination des commissaires, comme si c'était un Parlement qui investit exclusivement, celui du nombre de commissaires. Comme le disait Émile Noël, l'ancien secrétaire général de la commission, si l'Europe s'élargit vers les pays de l'Est, selon les règles actuelles — il y aurait deux commissaires pour les grands et un pour les petits — nous aurions environ 36 commissaires. C'est beaucoup. Ce n'est pas beaucoup pour un système fédéral; au Canada, il arrive que nous ayons des Cabinets qui ont un nombre de ministres aussi important. Mais la différence ici est que vous aurez 36 commissaires venant de 25 pays. Ce ne sont pas 36 ministres qui viennent du même pays. Vous avez là des origines nationales et politiques variées: un éventail politique très fragmenté à un nombre de nationalités représentées très large.

Comment arriver à une réduction?

I believe that will be possible. This will be the only substantial change to the commission. We must manage to convince the large countries, the six large countries, Spain, France, Italy, Germany, United Kingdom and Poland, not to have two commissioners.

On the other hand, we will not be able to have commissioners by bloc. For example, the Benelux countries could have one commissioner.

The states want this since the commission has vast powers over legislation and competition. It is the body that tells the states that assistance is illegal in certain cases. It is the one that tells businesses wishing to merge that it is illegal, against the rules of competition. This is an enormous power. The states want to be involved in it. They will not abandon their seats on the commission.

We will therefore arrive at a smaller commission solely by convincing the large countries to have only one commissioner. Instead of 36 commissioners, we will have about 20. On the other hand, the suggestion that the commission's powers regarding competition should be withdrawn will not be followed.

The second change concerns the European Parliament. The number of parliamentarians will peak at about 700, which will result in under-representation if you have a Parliament for 450 million inhabitants who have only approximately 700 parliamentarians to represent them. Furthermore, there are currently more than 20 legislative procedures, three of which are important. There are cases in which Parliament gives its opinion; there are others where Parliament cooperates — legislative cooperation — there is only one suspensive veto; and there are others where it is a joint decision maker. It has an ultimate veto. We think the cases of legislative cooperation will be terminated, that is to say that there will be cases where it gives its opinion and cases where it is a joint decision maker; legislative cooperation will be absorbed by joint decision-making with an ultimate veto.

We are going to expand the cases of joint decision-making only indirectly by absorbing legislative cooperation. We will have two types of action by Parliament: purely consultative and joint decision-making, but without any new fields or new powers. There will be no increase in Parliament's powers, but the procedures will be simplified.

We will now talk about the Council, the third institution. With respect to the Council, the question of the vote will be brought. There are weighted votes so as to arrive at 87 votes. The qualified majority is 62. There is thus a weighting of votes.

I believe that this idea of having a double majority, that of weighted votes and that which is both what is done today and that of a majority of the populations to protect the large countries, will be accepted.

Another change will be in the Council's visibility. We started with sittings open to the public and to journalists, but this is ultimately being limited. The Council cannot operate like a Parliament because, if everything is public, there will no longer be any ability to negotiate. Paralysis will set in.

Je crois que l'on y parviendra; ce sera le seul changement substantiel au niveau de la commission. Nous devons arriver à convaincre les grands pays de ne pas avoir deux commissaires — dans les six grands pays: l'Espagne, la France, l'Italie, l'Allemagne, la Grande-Bretagne et la Pologne.

En revanche, on n'arrivera pas à des commissaires par bloc. Par exemple, le Benelux pourrait avoir un commissaire.

Les États y tiennent, puisque la commission a des compétences importantes en termes législatifs et en termes de concurrence. C'est elle qui dit aux États que les aides sont illégales que dans certains cas. C'est elle qui dit aux entreprises qui veulent fusionner que c'est illégal, contre les règles de concurrence. C'est un pouvoir énorme. Les États veulent y être. Ils n'abandonneront pas leur siège à ce niveau.

Nous arriverons donc à une commission plus réduite du seul fait de convaincre les grands pays de n'avoir qu'un seul commissaire. Au lieu de 36 commissaires, nous aurons environ une vingtaine de commissaires. En revanche, la suggestion d'enlever à la commission ses pouvoirs en matière de concurrence ne sera pas suivie.

Le deuxième changement est au niveau du Parlement européen. Il y aura un plafonnement autour de 700 parlementaires, ce qui crée une sous-représentation si vous avez un Parlement pour 450 millions de gens qui n'ont pour les représenter que 700 parlementaires environ. Par ailleurs, il y a actuellement plus d'une vingtaine de procédures législatives, dont trois importantes. Il y a des cas où le Parlement donne son avis; il y a d'autres cas où le Parlement coopère — coopération législative — il n'a qu'un veto suspensif; et il y a d'autres cas où il codécide. Il a un veto définitif. On pense que l'on va supprimer les cas de coopération législative, c'est-à-dire qu'il y aura des cas où il donne son avis et des cas où il codécide; la coopération législative va être absorbée par la codécision avec un veto définitif.

Nous n'allons pas étendre les cas de codécision qu'indirectement en absorbant la coopération législative. Nous aurons deux interventions du Parlement: consultative purement et codécisionnelle, mais sans nouveaux champs et sans nouveaux pouvoirs. Il n'y aura pas d'augmentation des pouvoirs du Parlement, mais on va simplifier les procédures.

Nous parlerons maintenant du conseil, la troisième institution. Au niveau du conseil, la question du vote sera amenée. Il y a des votes pondérés, pour en arriver à 87 voix. La majorité qualifiée est de 62. Il y a ainsi une pondération de voix.

Je crois que cette idée d'avoir une majorité double, celle des voix pondérées et celle à la fois ce que l'on fait aujourd'hui et celle d'une majorité des populations pour protéger les grands pays, sera acceptée.

Un autre changement sera au niveau de la visibilité du conseil. Nous avons commencé avec des séances ouvertes au public, aux journalistes mais enfin, c'est limité. Le conseil ne peut pas fonctionner comme un Parlement, parce qu'il n'y aura plus de capacité de négociation si tout est public. Il y aura une paralysie.

The Court of Justice issued decisions on this point a few months ago. The Council must now justify its refusal to communicate the Council's internal documents on debates, on voting. It will be led increasingly to open its records, not its sittings, but its records, that is to say to give the public more information with more visibility in order to reduce the communications deficit and this way of furthering Europeans' interests. There will be no changes to its powers. There will be no new powers regarding tourism, human rights and employment.

With respect to the Court of Justice, the English are the only ones who find that it is abnormal that the Court should rule in last resort with respect to a federal power, a highly federalist case law — it has said things that are not even in the treaties, the supremacy of community law.

So we propose to be able to have an appeal system, without adding any further details. However, I do not believe that the current powers of the Court of Justice will be affected. I believe it will remain what it is.

Ultimately, then, these are relatively minor changes. You should expect very limited changes from this conference, which would be a success given our current circumstances, that is to say a difficult economic context, the absence of pressure from the east, as Senator Stewart said, the context of the United Kingdom which is heading into elections — the British government is currently paralysed — and the Franco-German context; the Franco-German axis is not operating well. Today, the French position, if we analyze it, is much closer to the British positions. Only the Germans are unable to push or have no interest in pushing too hard this time for a deepening. Thus, there will be another intergovernmental conference, which will probably be necessary, following monetary union.

If monetary union comes about, it will be the first "spillover" of the decade. To achieve monetary union, we need economic, fiscal and economic government discipline. The institutional system will have to be reviewed.

And as the broadening will not occur before 2005, the Community will have the time for another constitutional exercise.

It was an error to force the Community to have a conference required by law without regard to the situation: Italy has been without a government for a long time, the United Kingdom is paralysed, France has a new government party that is quite divided over certain European issues, Germany has a difficult budget situation and Europe is in a fairly extensive employment crisis. Let us say that it was inappropriate, but it was dangerous to cancel the conference and I believe that we will arrive at certain minor reforms.

Senator Bolduc: When you say that there are difficulties between France and Germany, I understood you meant that Germany had a more open trade policy, whereas France has a somewhat more protectionist trade policy. Is that what you mean?

À cet égard, la Cour de Justice a pris des décisions, il y a quelques mois. Le conseil doit maintenant justifier le refus de communiquer des documents internes du conseil sur les débats, sur la prise de votes. Il va être amené de plus en plus à ouvrir ses dossiers, non pas ses séances mais ses dossiers, c'est-à-dire à donner plus d'information au public avec plus de visibilité, pour réduire le déficit de communications et, de cette façon, renforcer l'intérêt des Européens. Il n'y aura pas de changements au niveau de ses pouvoirs. Il n'y aura pas de nouveaux pouvoirs: tourisme, droits de l'homme, emploi.

Quant à la Cour de justice, les Anglais sont plutôt les seuls à trouver qu'il est anormal que la Cour tranche en dernier ressort un pouvoir fédéral, une jurisprudence très fédéraliste — elle a dit des choses qui ne sont même pas dans les traités, la primauté du droit communautaire.

Alors, on propose de pouvoir avoir un système d'appel, sans préciser plus. Mais, je ne crois pas que la Cour de justice va être affectée dans ses pouvoirs actuels. Je crois qu'elle va rester ce qu'elle est.

Donc, en synthèse, des changements relativement mineurs. Par cette conférence, il faut s'attendre à des changements très limités, qui seraient un succès, vu le contexte dans lequel nous sommes, c'est-à-dire le contexte économique difficile, l'absence de pression de l'Est, comme l'a dit le sénateur Stewart, le contexte de la Grande-Bretagne qui va vers des élections — le gouvernement britannique est paralysé actuellement — et le contexte franco-allemand — l'axe franco-allemand ne fonctionne pas bien. Aujourd'hui, la position française est beaucoup plus proche des positions britanniques, si on l'analyse. Les Allemands, seuls, ne peuvent, n'ont pas intérêt à pousser trop cette fois-ci pour l'approfondissement. Il y aura ainsi une autre conférence intergouvernementale, probablement nécessaire, après l'union monétaire.

Si l'union monétaire se réalise, il s'agira du premier «spillover» de la décennie. Pour réaliser cette union monétaire, on a besoin de discipline économique, fiscale, de gouvernement économique. Il faut revoir le système institutionnel.

Et comme l'élargissement ne se fera pas avant l'an 2005, la Communauté aura le temps pour un autre exercice constitutionnel.

Ce fut une erreur d'avoir obligé la Communauté à faire une conférence, mandatée par le texte, sans égard au contexte: l'Italie sans gouvernement pendant longtemps; la Grande-Bretagne en paralysie; la France avec un nouveau parti gouvernemental assez divisé sur certaines questions européennes; l'Allemagne avec des situations budgétaires difficiles; une Europe dans une crise de l'emploi assez importante. C'était, disons, inopportun, mais il était dangereux d'annuler la conférence et je crois qu'on arrivera à certaines réformes mineures.

Le sénateur Bolduc: Quand vous dites qu'il y a des difficultés entre la France et l'Allemagne, j'ai compris que vous vouliez dire que l'Allemagne avait une politique commerciale plus ouverte, alors que la France a une politique commerciale un peu plus protectionniste. Est-ce que c'est ce que vous voulez dire?

Dr. Soldatos: That's not new. In France, as you say, ideas of free trade with Mexico, South Africa and Asia are not very popular. They said it was an impetuous, pointless and dangerous policy for the Community.

Furthermore, some in France — and there are the statements of Mr. Séguin of the National Assembly — currently find that the commissioners should be reduced to a more administrative role than to that of a real government, that the central bank should try to be a kind of syndicate of central banks. They do not like the idea of a German-style central bank. That being said, they're going to align themselves with the central bank plan; they are going to accept it. In institutional terms, however, they are not ready to make great concessions and they want the national Parliaments to play a role in the legislative process.

In addition, the French amended the Constitution during the last reform: now, each legislative proposal by the commission must be presented to the French Parliament for its opinion.

You will tell me that this requires only an opinion, but if you are a minister and are negotiating a piece of legislation in Brussels and your Parliament has taken a position opposing the bill politically, it won't be easy to vote for it.

So there is a French effort to renationalize the process by introducing the National Assembly's role into the community process and, in general, the role of the national parliaments. There is constant talk of the national parliaments' role in reducing the democratic deficit, rather than of the "federalization" of the European Parliament, in order to give it real power. That is where I see a great many differences with the Germans.

[English]

Senator Grafstein: I found the discussion by our witness very interesting and compelling. One of the major questions for the committee is: Where is the EU currently going?

When I was in Europe, and even more so after I listened to you, I thought we were having a 20th century debate about a 15th century question, when in Europe there were two schools: the school of Erasmus and the school of Luther, the particular school and the universal school. I think I have heard now from two and a half schools that I have heard, and I think you are in one of the schools — and correct me if I am wrong.

Each school had the same objectives: economic progress, peace and stability. Those are shared goals, but everybody has a different analysis of how we achieve those goals.

School No. 1 contemplates widening and deepening the EU, Euro-discipline; making the economies in a macro-economic state more integrative; growing integration; growing federalism, dampening nationalism and, therefore, expanding progress and at the same time reducing instability. I think you are in School No. 1.

M. Soldatos: Ce n'est pas nouveau. En France, comme vous l'avez dit, des idées de libre-échange avec le Mexique, l'Afrique du Sud, l'Asie, ne sont pas très populaires. Ils ont dit que c'était une politique bouillonnante, inutile et dangereuse pour la Communauté.

Par ailleurs, certains en France actuellement — et il y a les déclarations de M. Séguin de l'Assemblée nationale — trouvent que les commissaires doivent être ramenés à un rôle plutôt d'administrateurs que de vrai gouvernement; que la Banque centrale doit essayer d'être une sorte de syndicat de banques centrales. On n'aime pas l'idée d'une Banque centrale style allemand. Ceci dit, on va s'aligner sur le plan de la Banque centrale; on va l'accepter. Mais, sur le plan institutionnel, on n'est pas prêt à faire de grandes concessions; et on veut que les Parlements nationaux jouent un rôle dans le processus législatif.

D'ailleurs, en France ils ont amendé la Constitution lors de la dernière réforme: maintenant, chaque proposition législative de la commission peut être présentée au Parlement français, pour avis.

Vous allez me dire qu'il ne s'agit que d'un avis; mais si vous êtes ministre et négociez à Bruxelles une législation et que votre Parlement a pris position contre ce projet politiquement, ce n'est pas facile de voter pour.

Donc, il y a un effort français de renationalisation du processus par l'injection du rôle de l'Assemblée nationale dans le processus communautaire et, en général, du rôle des parlements nationaux. On parle tout le temps du rôle des parlements nationaux pour réduire le déficit démocratique, plutôt que de la «fédéralisation» du Parlement européen pour donner un vrai pouvoir. C'est là que je vois beaucoup de différences avec les Allemands.

[Traduction]

Le sénateur Grafstein: J'ai trouvé les propos de notre témoin très intéressants et très convaincants. L'une des grandes questions que doit se poser le comité est la suivante: où s'en va l'UE actuellement?

Quand j'étais en Europe, et c'est encore plus évident après vous avoir entendu, je croyais qu'il s'agissait d'un débat du XX^e siècle sur une question du XV^e siècle, quand il y avait deux écoles de pensée en Europe: l'école d'Érasme et celle de Luther, l'école individuelle et l'école universelle. Je pense maintenant avoir entendu les arguments de deux écoles et demie et je crois que vous faites partie d'une de ces écoles — corrigez-moi si je me trompe.

Chaque école vise les mêmes objectifs: le progrès économique, la paix et la stabilité. Ce sont les buts communs, mais tout le monde fait une analyse différente des moyens permettant de les atteindre.

La première école veut élargir et approfondir l'UE, l'eurodiscipline; intégrer davantage les États au point de vue macro-économique; accroître l'intégration; accroître le fédéralisme; réduire le nationalisme et donc, accentuer le progrès tout en réduisant l'instabilité. Je pense que vous faites partie de cette première école.

School No. 2 — and I call this a half a school — is the British Luddites school which says, “We do not want to have anything to do with this; we want to smash the EU; we would like to undermine it. We are happy being alone, we are happy having the various components in Europe in disarray.” Britain has always been better in balances of power than in conglomerations of power; therefore, let us turn back the clock. Like the Luddites, let us smash the machines and put things back where they were. That is sort of the British school.

Then, there is an alternate vision, which I call the second school, not a half school, and the vision says this: To accomplish those same goals, we have to take a look at the practical realities of what is happening by widening and deepening. As we widen and deepen in Europe, we find that the differences and the difficulties are intensifying; that the government machinery is becoming more complex; that the whole system is slowing down because the bigger and the wider the governance, the slower the decision-making; that differences are now emerging between France and Germany who are key to the European Union; that Euro-discipline is too difficult, too fast, and causes too much instability; and, finally, just to make the school correctly argued, all of a sudden, when a country decides to go off course as Britain with respect to the mad dog, it can then put sand in the machinery and clog or almost stop the machinery.

If that analysis is correct, there is a wider vision, and the wider vision is what has been called the Atlantic Union, where you step back from this federal integration and move back to a larger vision which is an Atlantic economic union between Canada, U.S. and Europe — move back and move forward.

What weight do you give to the last school? We have not heard much from that last school, but I think it is growing because of the difficulties I have mentioned with the first two schools I described.

[Translation]

Dr. Soldatos: I’m going to draw a parallel. It has often been said that Quebec does not need Canada; it need only take one step back toward NAFTA, then toward globalization and the rest of the world.

This is somewhat how I have interpreted this idea that some people have about Europe: now there is an Atlantic Community; there is the agreement, the transatlantic action plan with the United States; there will be that with Canada, and there will be liberalization in some areas, and the WTO will also do its job. So Europe should perhaps take one step back and contemplate the broader picture.

The problem with this school is that, while admitting that economics is essential today, it finds that the states should do less, but it does not say that the states must do better. They say, “The less state, the better.”

La deuxième école — et je l’appelle une demi-école — est l’école luddite britannique qui dit: «Nous ne voulons rien savoir de tout cela; nous voulons écraser l’UE, nous aimerions saper ses bases. Nous sommes heureux de vivre seuls; nous sommes contents que les divers éléments de l’Europe soient en désordre.» La Grande-Bretagne a toujours mieux réussi quand elle détenait la balance du pouvoir plutôt que lorsqu’elle faisait partie d’un groupe de puissances; alors, retournons en arrière. Comme les Luddites, détruisons les machines et revenons à la situation d’avant. C’est un peu l’école britannique.

Puis, il y a une autre vision, celle que j’appelle la deuxième école, pas une demi-école, qui pense comme ceci: pour atteindre ces mêmes objectifs, nous devons tenir compte des conséquences pratiques lorsque nous élargissons et approfondissons l’UE. À mesure que nous nous élargissons et que nous nous approfondissons en Europe, nous constatons que les différences et les difficultés s’intensifient; que l’appareil gouvernemental devient plus complexe; que tout le système ralentit parce que plus le gouvernement grossit et s’élargit, plus la prise des décisions ralentit; que des différences sont en train de surgir entre la France et l’Allemagne, qui sont des membres clés de l’Union européenne; que l’eurodiscipline est trop difficile, trop rapide, et cause trop d’instabilité; et, enfin, simplement pour que les arguments de cette école se tiennent, soudainement, lorsqu’un pays décide de s’écarter de la voie commune, comme l’a fait la Grande-Bretagne à propos de la vache folle, il peut mettre du sable dans la machine, l’enrayer et presque l’arrêter complètement.

Si cette analyse est correcte, il y a une vision plus large, et cette vision élargie est ce qui a été appelé l’Union atlantique, celle où l’on met fin à cette intégration fédérale et où l’on revient à une perspective élargie qui consiste en une union économique atlantique entre le Canada, les États-Unis et l’Europe — où l’on recule pour avancer.

Quelle importance accordez-vous à cette école? Nous n’en avons pas entendu beaucoup parler, mais je pense qu’elle a de plus en plus d’adeptes à cause des difficultés que soulèvent les deux premières écoles que j’ai décrites.

[Français]

M. Soldatos: Je vais faire le parallélisme. On disait souvent que le Québec n’a pas besoin du Canada, qu’il n’a qu’à faire «one step back» vers l’ALÉNA, puis vers la globalisation et le reste du monde.

C’est un peu ainsi que j’ai interprété cette idée qu’ont certains pour l’Europe: il y a une communauté atlantique maintenant; il y a l’accord, le plan d’action transatlantique avec les États-Unis; il y aura celui avec le Canada; puis, il y aura certaines libéralisations; l’OMC va faire aussi son travail. Alors, l’Europe devrait peut-être faire un peu marche arrière et après, regarder le grand large.

Le problème, avec cette école, est que tout en admettant que l’économique est essentiel aujourd’hui, elle pense que les États doivent faire moins; mais elle ne dit pas que les États doivent faire mieux. On dit: «Moins d’État, mieux d’État».

And yet no one has told the United States that the state has no role to play. It has essential macroeconomic roles and, if there were no state, who would play this macroeconomic role?

In the European Union, there isn't only free movement; there must be macroeconomic cohesion, and who will decide? If there are 25 of them and they meet without there being any preliminary institutional deepening, would they leave the discussion table with a common budget policy, more homogeneous fiscal policies and more homogeneous trade policies? It is not clear that they would.

So the first element, the future macroeconomic role of a modern Europe, of a modern society — let's not call it a state — requires cohesive decision-making.

The second element is the social role. There are vast regional and social disparities in Europe. If it was the Europe of six, I would have said that this is the macroeconomic element, but when you have eastern countries joining, there must be a regional agricultural policy.

Likewise, if you take countries such as Portugal or Greece, who is going to think for these countries and bring them up to speed? It will be said that structural funds are necessary, but what is necessary are decisions and money. So we must strengthen the Community's ability to decide, to provide a remedy for regional disparities. As in Canada, there are regions which, if left alone, will be unable to get by. Political action is required through decisions and economic action through budgets.

Europe cannot undertake any dialogue or Euro-Atlantic or global integration venture without managing its economic and social heterogeneity in a Europe of 25, which will be even greater with the new, politically and economically fragile democracies of Central and Eastern Europe.

The third question is the question of the democratic deficit. The more Europe progresses toward economic integration, the more people are refusing to recognize its legitimate power to decide. Ultimately, Europe is condemned to become a federal entity; otherwise it will be anti-democratic because it has opted for a single market without any direct legitimacy. It could have remained at the free-trade level, but it opted for a single market; it wants to opt for an economic and monetary union.

It cannot be considered that all these macroeconomic activities are being carried on away out of all political view, without any direct mandate. For reasons of democracy, modern and advanced economic integration requires a deepening of the political system.

One element, and this is a trivial yet essential argument, may be seen by considering Europe's competitors. I cannot understand an economic Europe next to Japan and the United States, an economic, political and military power. One cannot understand this asymmetry in a globalized economy, as a result of which Europe will not succeed in its technological, environmental and macroeconomic policies if it sets out as a group of 25 countries to reflect on what fiscal policy, what monetary policy and what environmental policy it will put forward with respect to the United States and Japan.

Et pourtant, personne ne dit aux États-Unis que l'État n'a pas de rôle. Il a des rôles macroéconomiques essentiels et ce rôle macroéconomique, s'il n'y avait pas d'État, qui pourrait le jouer?

Dans l'Union européenne, il n'y a pas que la libre circulation; il faut une cohésion macroéconomique. Et qui va la décider? Est-ce qu'à 25, s'ils se réunissaient sans approfondissement institutionnel préalable, ils sortiraient de la table des discussions avec une politique budgétaire commune, des politiques fiscales plus homogènes, des politiques commerciales plus homogènes? Ce n'est pas évident.

Donc, premier élément, le rôle macroéconomique futur, moderne de l'Europe, d'une société moderne — ne parlons pas d'État — nécessite une cohésion décisionnelle.

Deuxième élément, il y a le rôle social. L'Europe connaît de grandes disparités régionales et sociales. Si c'était l'Europe des six, j'aurais dit que c'est le macroéconomique. Mais quand vous avez des pays de l'Est qui adhèrent, il faut une politique régionale, agricole.

De même si vous prenez des pays comme le Portugal ou la Grèce, qui va penser pour ces pays-là et les mettre à niveau? On dira qu'il faut des fonds structurels. Mais, il faut des décisions et il faut de l'argent. Donc, il faut renforcer la capacité de la communauté de décider, pour remédier aux disparités régionales. Comme au Canada, il y a des régions, qui, si on les laisse seules, ne pourront pas se débrouiller. Il faut une intervention politique en termes de décisions et économique en termes budgétaires.

L'Europe ne peut pas se lancer dans n'importe quel dialogue ou aventure d'intégration euro-atlantique ou mondiale, sans gérer son hétérogénéité économique et sociale dans une Europe de 25, qui sera encore plus grande, avec de nouvelles démocraties fragiles, économiquement et politiquement, qui sont celles du Centre et de l'est.

La troisième question, c'est la question du déficit démocratique. Plus l'Europe avance dans l'intégration économique, plus les gens refusent de lui reconnaître la légitimité de décider; au fond, l'Europe est condamnée à se fédéraliser, sinon elle va être antidémocratique, parce qu'elle a opté pour un marché unique sans légitimité directe. Elle aurait pu rester au niveau d'un libre-échange, mais elle a opté pour un marché unique, elle veut opter pour une union économique et monétaire.

On ne peut pas considérer que toutes ces activités macroéconomiques se font à l'abri de toute lumière politique, de toute injection de mandat direct. Donc, l'intégration économique moderne et avancée nécessite, pour des raisons de démocratie, un approfondissement du système politique.

Un élément banal, mais essentiel, est introduit en jetant un regard sur des concurrents de l'Europe. Je ne peux pas comprendre une Europe économique à côté du Japon et des États-Unis, économiques, politiques et militaires. L'on ne peut pas comprendre cette asymétrie dans une économie globalisée, qui fera que l'Europe ne réussira pas ses politiques technologiques, d'environnement, macroéconomiques, si elle part à 25 pour réfléchir sur quelle politique fiscale, quelle politique monétaire, quelle politique environnementale elle mettra de l'avant face aux États-Unis et au Japon.

At the same time, as you said, it must settle its internal European problems and its Atlantic component must conduct a dialogue with us, with the United States and the WTO. How will it be able to generate such an ability for dialogue through a soft, fragile and fluid collection of 25 countries? It will not be able to manage all that.

In my view, the first school of the development of a European federalism is the only one possible. But it will be fairly slow. I believe that if we want to avoid desintegration in the broad sense of the term, we must adopt this school. That is why Europe à la carte is not possible, but a variable-speed Europe is necessary and desirable. In other words, the speeds will be different, but the ultimate objective will remain the same. That is the difference between a variable-speed Europe and Europe à la carte. Under an à la carte arrangement, you indefinitely take what suits you. In a variable-speed Europe, you temporarily go at your own speed, while waiting to be able to go faster. Those who can must go at different speeds from those who cannot, but everyone must want to because those who do not want to and those who do cannot work together.

[English]

The Chairman: We have appreciated the opportunity to hear your analysis, Dr. Soldatos, and we thank you for your frank and candid answers to our questions. The more we analyze the relationship between Canada and the European Union the more intriguing and the more intricate it becomes. I predict that the committee will want to return to this subject again.

[Translation]

Dr. Soldatos: Thank you very much for this wonderful opportunity to be able to speak with you and to tell you that, once your report is published, the chaire Jean Monnet would like to be able to disseminate it through a strategic meeting, a roundtable or an activity that would make it possible to publicize the results of your efforts and your many meetings here and abroad concerning this issue.

We are therefore asking in turn for your report once it is ready.

[English]

The Chairman: Thank you.

The committee adjourned.

En même temps, comme vous l'avez dit, elle doit régler ses problèmes intraeuropéens, dialoguer au niveau Atlantique avec nous et avec les États-Unis, dialoguer avec l'OMC. Comment pourra-t-elle générer une telle capacité de dialogue par une constellation molle, fragile et fluide de 25 pays? Elle ne va pas pouvoir gérer tout cela.

D'après moi, la première école d'un développement du fédéralisme européen est la seule possible. Mais elle sera plutôt lente. Je crois que si l'on veut éviter la désintégration, au sens large du terme, l'on doit passer par cette école. C'est pourquoi l'Europe à la carte n'est pas possible, mais l'Europe à plusieurs vitesses est nécessaire et souhaitable. C'est-à-dire que les vitesses seront différentes, mais l'objectif final demeurera le même. C'est la différence entre l'Europe à plusieurs vitesses et l'Europe à la carte. À la carte, vous prenez indéfiniment ce qui vous arrange; à plusieurs vitesses, vous suivez temporairement votre vitesse, en attendant de pouvoir aller plus vite. Ceux qui le peuvent doivent aller à des vitesses différentes de ceux qui ne le peuvent pas; mais tous doivent vouloir, parce que ceux qui ne le veulent pas et ceux qui le veulent ne peuvent pas travailler ensemble.

[Traduction]

Le président: Nous avons apprécié cette possibilité d'entendre votre analyse, professeur Soldatos, et nous vous remercions pour vos réponses franches et candides à nos questions. Plus nous analysons la relation entre le Canada et l'Union européenne, plus cela devient intrigant et compliqué. Je parie que le comité voudra revenir sur le sujet.

[Français]

M. Soldatos: Je vous remercie beaucoup de cette belle occasion de pouvoir dialoguer avec vous et vous dire que la chaire Jean Monnet souhaiterait pouvoir, une fois votre rapport publié, le relayer par une réunion stratégique, par une table ronde, par une activité qui permettrait de faire connaître le produit de votre réflexion et de vos rencontres, nombreuses ici et à l'étranger, autour de ce dossier.

Donc, nous sommes aussi demandeurs pour votre produit, quand il sera prêt.

[Traduction]

Le président: Merci.

La séance est levée.



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WITNESSES—TÉMOINS

From the University of Montreal:

Panayotis Soldatos, Professor, Holder of the chaire Jean
Monnet.

De l'Université de Montréal:

Panayotis Soldatos, professeur, titulaire de la chaire Jean
Monnet.

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Second Session
Thirty-fifth Parliament, 1996

Deuxième session de la
trente-cinquième législature, 1996

SENATE OF CANADA

SÉNAT DU CANADA

*Proceedings of the Standing
Senate Committee on*

*Délibérations du comité
sénatorial permanent des*

Foreign Affairs

Affaires étrangères

Chairman:
The Honourable JOHN B. STEWART

Président:
L'honorable JOHN B. STEWART

Monday, June 10, 1996

Le lundi 10 juin 1996

Issue No. 5

Fascicule n° 5

First and only Proceedings on:
Meeting with a Parliamentary Delegation from
the Republic of France

Première et unique réunion concernant:
Rencontre avec une délégation parlementaire
de la République de France



THE STANDING SENATE COMMITTEE ON
FOREIGN AFFAIRS

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The Honourable Pat Carney, P.C. *Deputy Chairman*

and

The Honourable Senators:

Andreychuk	Grafstein
Bacon	Kelleher
Bolduc	* Lynch-Staunton
Carney	(or Berntson)
Corbin	MacEachen, P.C.
* Fairbairn, P.C. (or Graham)	Ottenheimer
Gauthier	Stollery

* *Ex Officio Members*

(Quorum 4)

LE COMITÉ SÉNATORIAL PERMANENT DES
AFFAIRES ÉTRANGÈRES

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Vice-présidente: L'honorable Pat Carney, c.p.

et

Les honorables sénateurs:

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Bacon	Kelleher
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Carney	(or Berntson)
Corbin	MacEachen, c.p.
* Fairbairn, c.p. (ou Graham)	Ottenheimer
Gauthier	Stollery

* *Membres d'office*

(Quorum 4)

MINUTES OF PROCEEDINGS

OTTAWA, June 10, 1996

(07)

The Standing Senate Committee on Foreign Affairs met this day at 10:20 a.m. in room 356-S of the Centre Block, the Chairman, the Honourable John B. Stewart, presiding.

Members of the committee present: The Honourable Senators Bacon, Corbin, Ottenheimer and Stewart. (4)

Other senator present: The Honourable Marcel Prud'homme. (1)

Members of the House of Commons present: MPs Stéphane Bergeron, Francis LeBlanc, Philippe Paré and Benoît Sauvageau.

Also present: From the Research Branch of the Library of Parliament: Mr. Anthony Chapman, Economics Division.

In attendance: Official Senate reporters.

The Committee met with a delegation of French parliamentarians composed of members Alain Griotteray, Jean-Claude Mignon, Yvon Bonnot and Jean Delaneau and senators Jacques Legendre, Gérard Grignon and Victor Reux.

French and Canadian parliamentarians exchanged views on bilateral and international issues of common interest.

At 10:50 a.m., the committee adjourned to the call of the Chair.

ATTEST:

PROCÈS-VERBAL

OTTAWA, le 10 juin 1996

(07)

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui à 10 h 20, dans la pièce 356-S de l'édifice du Centre, sous la présidence de l'honorable John B. Stewart (*président*).

Membres du comité présents: Les honorables sénateurs Bacon, Corbin, Ottenheimer et Stewart. (4)

Autre sénateur présent: L'honorable Marcel Prud'homme.(1)

Membres de la Chambre des communes présents: Messieurs les députés Stéphane Bergeron, Francis LeBlanc, Philippe Paré et Benoît Sauvageau.

Également présent(s): du Service de recherche de la Bibliothèque du Parlement: M. Anthony Chapman, Division de l'économie.

Aussi présents: Les sténographes officiels du Sénat.

Le comité tient une rencontre avec une délégation de parlementaires français composée de Messieurs les députés Alain Griotteray, Jean-Claude Mignon, Yvon Bonnot et Jean Delaneau et des sénateurs Jacques Legendre, Gérard Grignon et Victor Reux.

Les parlementaires français et canadiens tiennent des échanges sur des questions bilatérales et internationales d'intérêt commun.

À 10 h 50, le comité s'ajourne jusqu'à nouvelle convocation de la présidence.

ATTESTÉ:

Le greffier du comité,

Serge Pelletier

Clerk of the Committee

EVIDENCE

OTTAWA, Monday, June 10, 1996

The Standing Senate Committee on Foreign Affairs met this day at 4:00 p.m. with a parliamentary delegation from France.

Senator John B. Stewart (*Chairman*) in the Chair.

[*English*]

The Chairman: Honourable senators, we have the great privilege this morning of having with us members of the Parliament of the Republic of France, certain members from the National Assembly and some members of the Senate. I anticipate that we will be joined shortly by some members of our House of Commons.

Let me introduce the members of the Senate of Canada who are here this morning. I will start with Senator Ottenheimer, from the East Coast; Senator Corbin, who is from the Province of New Brunswick; Senator Bacon, from Quebec; and I am from Nova Scotia. We all hail from east of the Ottawa River.

I believe, because the group from France comes from both the houses, there is no chairperson. Perhaps someone from the National Assembly would put on the record the names of the deputies, followed by someone from the Senate putting on the record the names of the senators here present.

[*Translation*]

Mr. Alain Griotteray, Member for Val de Marne: My name is Alain Griotteray and I am the Member for Val de Marne, a district bordering on the capital city of Paris. I also happen to be the director of *Le Figaro Magazine*. To my right is Jean-Claude Mignon, the Member for Seine-et-Marne which is also located in the Département of Île-de-France. Mr. Mignon is a member of the Foreign Affairs Commission.

I serve on the Finance Commission. Gérard Grignon is quite close to you, since he represents Saint-Pierre-et-Miquelon on the Social Affairs Commission. Mr. Yvan Bonnot is the mayor of Perros-Guirec, one of the well-known municipalities at the western tip of France. He is a Breton member in addition to serving on the Production and Trade Commission. All, or nearly all, of the commissions are represented here.

Mr. Victor Reux, General Councillor, Saint-Pierre-et-Miquelon: Mr. Jacques Legendre is a senator representing the Département du nord de la France; as well, he is a member of the Cultural Affairs commission, the Secretary General of the International Assembly of French-speaking Parliamentarians and rapporteur for la Francophonie in the Senate.

Mr. Jean Delaneau, Senator, Indes-et-Loire, Deputy Speaker of the Senate: Mr. Chairman, my name is Jean Delaneau and I am the Deputy Speaker of the Senate, the President of the France-Canada Senate Friendship Group, a member of the Cultural Affairs Commission and rapporteur for the Cultural Commission of the International Assembly of French-speaking Parliamentarians. I am a surgeon by profession.

TÉMOIGNAGES

OTTAWA, le lundi 10 juin 1996

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui à 9 h 45 pour s'entretenir avec une délégation de parlementaires français.

Le sénateur John B. Stewart (*président*) occupe le fauteuil.

[*Traduction*]

Le président: Honorables sénateurs, nous avons l'immense privilège d'accueillir ce matin des députés de la République française, certains membres de l'Assemblée nationale et quelques sénateurs. Je prévois également que quelques députés de la Chambre des communes se joindront sous peu à nous.

Laissez-moi tout d'abord vous présenter les sénateurs canadiens qui sont ici ce matin. Voici le sénateur Ottenheimer, de la côte est; le sénateur Corbin, du Nouveau-Brunswick; le sénateur Bacon, du Québec; et moi-même, de la Nouvelle-Écosse. Nous venons tous de régions situées à l'est de la rivière des Outaouais.

Si je ne m'abuse, comme nos invités français représentent les deux Chambres, le groupe n'a pas de président. Un représentant de l'Assemblée nationale pourrait peut-être nous indiquer les noms des députés et un représentant du Sénat, les noms des sénateurs ici présents.

[*Français*]

M. Alain Griotteray, député du Val de Marne: Je suis Alain Griotteray, député du Val de Marne, c'est-à-dire de Paris, puisque ma circonscription touche la capitale. Je suis accessoirement directeur du *Figaro Magazine*. À ma droite, Jean-Claude Mignon, député de Seine-et-Marne, lui aussi dans l'Île-de-France et qui est à la Commission des affaires étrangères.

Au passage, je suis à la commission des finances. Gérard Grignon est tout proche de chez vous, puisqu'il représente Saint-Pierre-et-Miquelon à la Commission des affaires sociales. Et à côté, Yvan Bonnot, est maire de Perros-Guirec, une des villes célèbres à la pointe de la France sur l'ouest. C'est un député breton et un membre de la commission production et échange. Toutes les commissions sont donc représentées ou presque.

M. Victor Reux, conseiller général de Saint-Pierre-et-Miquelon: M. Jacques Legendre est sénateur du département du nord de la France et est membre de la commission des affaires culturelles, secrétaire-général de l'Association internationale des parlementaires de langue française et rapporteur de la francophonie au Sénat.

M. Jean Delaneau, sénateur d'Indre-et-Loire, vice-président du Sénat: Monsieur le président, je suis Jean Delaneau, vice-président du Sénat, président du groupe d'amitié sénatorial France-Canada et je suis membre de la Commission d'affaires culturelles et rapporteur de la Commission culturelle de l'Assemblée internationale des parlementaires de langue française. Et je suis chirurgien de métier.

Mr. Reux: I am a senator and I represent Saint-Pierre-et-Miquelon. I am also a member of the Cultural Affairs Commission and, along with Mr. Legendre, a member of the International Assembly of French-speaking Parliamentarians.

Mr. Philippe Paré, B.Q., Member for Louis-Hébert: I am a member of the Foreign Affairs and International Trade Committee.

Mr. Benoit Sauvageau, B.Q., Member for Terrebonne: I am the International Trade Critic. I am happy to meet you.

[English]

The Chairman: As I look around the table, I believe that everyone here, except myself, speaks French. I propose that those of you who might be tempted to speak English resist that temptation and speak French. I will rely on the translation. However, do not speak too rapidly. Our conversation will be better for all concerned if you feel free to speak in French.

I want to say, now that we know each other, how very welcome you are. It is delightful to have you here and I hope we have a good exchange. I do not know if there are any topics about which you wish to canvass our opinion. I have a topic that I want to raise with you. It is not my wish to go into it very deeply, but your views would be helpful.

Our committee has spent the last year examining the future relations between the European Union and Canada. One of the proposals that has captured our attention has been the proposal for a monetary union. We visited Paris, Bonn, and London in March, and we heard different views. On such visits, very often one's attention is captured by the views expressed by embassy and bureaucracy personnel. Those of us who are politicians, on the other hand, realize how important it is to hear from those who represent the real people.

It would be useful to us if you could tell us what you think are the possibilities that the monetary union project will go ahead. Is it something that we in Canada should see as being part of the European future?

[Translation]

Mr. Delaneau: Mr. Chairman, as you can see, there is a certain amount of cooperation taking place among us. While the question is relevant, the answer is much more difficult to give. As you know, we also have concerns about the introduction of a single currency slated for 1999, that is provided an initial group of countries satisfy the Maastricht treaty criteria.

At present, the only country that truly meets these criteria — and only one country does — is the smallest one, namely Luxembourg. Therefore, we still have a way to go before a single currency system is in place. The problem with a monetary union is that countries or groups of countries that share a common currency must enjoy some currency stability and must have in place rules for currency movements within these various countries

M. Reux : Je suis sénateur, représentant Saint-Pierre-et-Miquelon. Je suis également membre de la Commission des affaires culturelles et membre également avec monsieur Legendre, de l'Association internationale des parlementaires de langue française.

M. Philippe Paré, député du Bloc québécois, comté de Louis-Hébert: Je suis membre du comité des affaires étrangères et du commerce international.

M. Benoit Sauvageau, député du Bloc québécois, comté de Terrebonne: Je suis porte-parole au niveau du commerce international. Cela me fait plaisir de vous rencontrer.

[Traduction]

Le président: Si je regarde autour de moi, je constate que je suis le seul à ne pas parler français. Je propose à ceux d'entre vous qui seraient tentés de parler anglais de résister à la tentation et de parler français. Je me fierai à l'interprétation. Toutefois, je vous demanderais de ne pas parler trop rapidement. Nos discussions se dérouleront mieux pour tous les intéressés si vous vous sentez libres de parler français.

Maintenant que nous nous sommes tous présentés, je tiens à vous souhaiter la plus chaleureuse des bienvenues. Nous sommes très heureux de votre présence ici, et j'espère que nos échanges seront fructueux. Je ne sais pas si vous souhaitez discuter de certains sujets en particulier. Pour ma part, il y a une question que je désirerais soulever. Je ne veux pas qu'on l'examine à fond, mais il nous serait utile de connaître vos points de vue.

Notre comité se penche depuis un an sur l'avenir des relations entre l'Union européenne et le Canada. L'une des propositions qui a attiré notre attention concernait l'union monétaire. Nous nous sommes rendus à Paris, à Bonn et à Londres en mars, et nous avons entendu différentes opinions. Ces visites sont très souvent l'occasion d'entendre les vues des ambassadeurs et des bureaucrates. Par contre, nous autres politiques savons à quel point il est important de connaître les vues des représentants du peuple.

Il nous serait utile de savoir quelles sont, d'après vous, les chances que le projet d'union monétaire se concrétise. Devrions-nous, au Canada, considérer que ce projet fera partie intégrante de la nouvelle donne européenne?

[Français]

M. Delaneau: Monsieur le président, vous avez pu voir qu'il y avait une certaine concertation entre nous. Si la question est pertinente, la réponse est beaucoup plus difficile à donner. Vous le savez, nous sommes nous-mêmes en train de nous interroger sur la mise en place d'une monnaie unique, à partir de 1999, et ce, à condition qu'un premier groupe de pays répondent aux critères du traité de Maastricht.

Or, actuellement, le seul pays qui y réponde réellement, il n'y en a qu'un, c'est le plus petit, c'est le Luxembourg. Donc, il y a encore beaucoup de chemin à faire pour que nous en arrivions à cette monnaie unique. Le problème d'une union monétaire nécessite qu'entre les pays ou les groupes de pays ayant une devise, il y ait une stabilité et des règles d'évolution entre les devises de ces différents pays ou groupes de pays. C'est

or groups of countries. That is certainly possible. However, in my opinion, this problem cannot be resolved until we ourselves have resolved the single currency issue. As you know, Great Britain wants no part of the Euro dollar, a proposed single currency within the present European Union.

Mr. Griotteray: Mr. Chairman, since we are all elected representatives, we can speak freely. I would not be French if I did not hold a different view from most of my fellow countrymen in so far as the single currency is concerned. I am opposed to it. My colleague here may not have said so, but I am opposed to it.

However, monetary union and single currency are not synonymous. A monetary union in the not-too-distant future with Canada would seem to me to be desirable, but it does pose problems with your own relations with the United States and the U.S. dollar. How then does one address this question, since one must take it one step at a time?

[English]

The Chairman: We have been joined by a member of great distinction of the House of Commons, Mr. Francis LeBlanc from Nova Scotia. He just happens to represent the area from which I come, so I treat him with great deference.

I have asked the first question. Are there topics that you, as our guests, would like to raise?

[Translation]

Mr. Gérard Grignon, Member for Saint-Pierre-et-Miquelon: You raised the matter of the relationship between Canada and the European Economic Community. One of your proposals was the establishment of a monetary union. We are among parliamentarians. I see that some of my neighbours are here, since you are from Nova Scotia, Mr. Chairman, and so too is Mr. LeBlanc.

I represent St. Pierre and Miquelon along with Senator Victor Reux. St. Pierre and Miquelon is not an integral part of the European community. Rather it has a special status. Indeed, we are considered an overseas territory or an associate European community country. From an economic standpoint, we present some interesting options for Canadian companies interested in processing or manufacturing products in St. Pierre and Miquelon for export to the community market. Such products would bear a European label and would enter the community market duty free.

St. Pierre offers another option. As you know, the islands are situated on the shipping line linking Canada and the European Economic Community. From the vantage point of St. Pierre and Miquelon, we can see the ships pass by. According to one provision in the community text, an overseas country or territory can collect community customs duties, provided these duties are levied at the same rate as that applied when goods enter Europe.

certainement possible. Mais, à mon avis, ce problème ne peut guère être réglé avant que nous ayons nous-mêmes réglé celui de la monnaie unique. Quant à l'euro, vous le savez, en particulier, la Grande-Bretagne ne veut pas adhérer. Ce sera de toute façon une monnaie unique d'une partie de l'actuelle union européenne.

M. Griotteray: Comme nous sommes, monsieur le président, entre élus, on peut parler librement. En conséquence, je ne serais pas français si je n'avais pas une vue différente de la plupart de mes compatriotes en ce qui concerne la monnaie unique à laquelle, moi, je suis hostile. Mon voisin n'a pas dit qu'il était en faveur, mais moi je dis que j'y oppose.

Par contre, l'étude d'union monétaire ne veut pas dire monnaie unique. L'union monétaire dans un avenir le moins loin possible avec le Canada me semblerait une bonne chose, mais il pose le problème de vos propres relations avec les Etats-Unis et avec le dollar américain. Alors, quelle est la formule, quelle est la réponse que vous faites à cette question, puisqu'il faut franchir les marches les unes après les autres?

[Traduction]

Le président: Un très distingué député de la Nouvelle-Écosse, M. Francis LeBlanc, vient de se joindre à nous. Comme il représente justement la région d'où je viens, je le traite avec beaucoup d'égards.

J'ai posé la première question. Y a-t-il des sujets que vous aimeriez aborder?

[Français]

M. Gérard Grignon, député de Saint-Pierre-et-Miquelon: Vous avez soulevé les problèmes de relation entre le Canada et la communauté économique européenne. Une de vos propositions était donc l'union monétaire. Nous sommes ici entre parlementaires. J'ai vu des gens avec lesquels nous sommes voisins puisque vous êtes de la Nouvelle-Écosse, M. le président ainsi que M. LeBlanc.

Je représente Saint-Pierre-et-Miquelon avec le sénateur Victor Reux. Saint-Pierre-et-Miquelon n'est pas partie intégrante de la communauté européenne puisqu'il s'agit d'une collectivité territoriale à statut particulier. À ce titre, nous sommes considérés comme pays et territoire d'outre-mer, comme pays associé à la communauté européenne. Et dans ce cadre, économiquement, nous pouvons représenter un certain potentiel intéressant pour des entreprises canadiennes qui transformeraient suffisamment ou qui fabriqueraient des produits à Saint-Pierre-et-Miquelon en vue de leur exportation sur le marché communautaire. Dans ce cas, ils porteraient le label européen et entreraient en franchise de droit communautaire sur le marché commun.

Une autre possibilité offerte par Saint-Pierre-et-Miquelon que je voudrais vous signaler, vous le savez bien, Saint-Pierre-et-Miquelon est situé sur la ligne maritime qui relie le Canada et la communauté économique européenne. De Saint-Pierre-et-Miquelon, nous voyons les bateaux passer. Et il existe une disposition, un texte communautaire également, qui permet à un pays et territoire d'outre-mer de percevoir les droits communautaires à condition qu'ils soient au même taux que ceux d'entrée en Europe.

What advantage to this would there be for a Canadian exporter? As you know, customs duties are levied on the price of goods and to this is added insurance and transportation costs. For example, when a boat leaves Sept-Îles and arrives in St. Pierre and Miquelon, it has travelled only a very small distance. It has not yet crossed the Atlantic.

By collecting customs duties in St. Pierre and Miquelon, there may be a difference of 1 or 1.5 per cent in the amount paid, which could help to make the Canadian product competitive on the European economic market. We are working on making this possible. All products would not be affected. For example, Canada is a major exporter of paper and this is one product that would be affected. So too would aluminum, albeit not all aluminum products. It would depend on how the product is sold. Farm machinery would also be covered, and there are many other products which have already been identified. I simply wanted to point this out to you.

[English]

The Chairman: It is most interesting. I had never thought of the implications for Canada of the fact that St. Pierre and Miquelon is to the west of the area where Senator Ottenheimer lives. It is the kind of buckle on the belt. That is very interesting and we must explore it further.

[Translation]

Mr. Paré: On another subject, at a recent meeting of Nobel peace prize recipients, an alarm was sounded about the social ills of globalization which has resulted in ruthless competition. Globalization has led to a decline in social and working standards and has weakened the middle classes.

Do French politicians share this perspective? If so, do you have any plans to take action within the international institutions to which you belong in an effort to make some adjustments?

Mr. Yvan Bonnot, Member for Côtes d'Armor: We are all concerned about the problems of globalization and earlier on, you referred to the monetary union. It is true that we are somewhat guilty in France of wanting to move quickly to implement a monetary union, often to the detriment of jobs and social benefits.

As well, we are also directly concerned by the problem of globalization. These problems are apparent in all areas. It would be interesting to discuss trade options in certain high tech and other fields. Later on, this would be an interesting point to discuss.

Mr. Delaneau: This problem concerns all of us. We have all observed the changes taking place. We hoped that development would result in an gradual increase in the standard of living in certain countries. What we have observed is that while some countries have benefited from globalization, with major changes coming sometimes very quickly, others continue their downward

Quel peut être l'intérêt pour un exportateur canadien? Comme vous le savez, les droits de douanes sont perçus sur le prix d'une marchandise auquel s'ajoutent le prix de l'assurance et le prix du transport. Quand un bateau part, par exemple, de Sept-Îles, lorsqu'il arrive à Saint-Pierre-et-Miquelon, il a franchi un très petit trajet. Il n'a pas encore effectué la traversée de l'Atlantique.

En percevant les droits de douane à Saint-Pierre-et-Miquelon, il peut y avoir une différence de 1 p. 100 ou 1,5 p. 100 qui peut faire la compétitivité du produit canadien sur le marché économique européen. Nous sommes en train de travailler à ce dossier. Tous les produits ne sont pas concernés. Par exemple, vous êtes un grand exportateur de papier et ce dernier est concerné par cette disposition. L'aluminium en fait partie, pas tout l'aluminium, mais une partie de l'aluminium. Cela dépend de la façon dont il est vendu. Les machines agricoles aussi, par exemple, et il y a bien d'autres produits dont on a déjà fait l'inventaire. Je voulais seulement vous signaler cela.

[Traduction]

Le président: C'est très intéressant. Je n'ai jamais pensé aux répercussions que peut avoir pour le Canada le fait que Saint-Pierre-et-Miquelon est situé à l'ouest de la région où habite le sénateur Ottenheimer. C'est une question très intéressante que nous devons examiner plus à fond.

[Français]

M. Paré: Je vais changer de thème. Une réunion récente de récipiendaires de prix Nobel de la paix lançait ces jours-ci un cri d'alarme sur les méfaits sociaux de la mondialisation qui entraîne une course sans merci à la compétitivité. Cela crée, de ce fait, une pression à la baisse des normes sociales et des normes du travail. Et à toutes fins utiles, elle crée un appauvrissement des classes moyennes.

Les politiciens français font-ils la même lecture que nous et que ces récipiendaires? Et si tel était le cas, est-ce que vous entendez intervenir dans les institutions internationales où la France siège pour tenter d'apporter une correction de tir?

M. Yvan Bonnot, député des Côtes d'Armor: Nous sommes tous concernés par les problèmes de mondialisation et tout à l'heure vous évoquiez l'union monétaire. Il est vrai que nous souffrons un peu en France de cette volonté d'aller vite pour réaliser l'union monétaire, au détriment souvent de l'emploi et des avantages sociaux.

Nous sommes aussi directement un peu tous concernés par ce problème de mondialisation. On le retrouve dans tous les domaines. Il serait intéressant d'évoquer les possibilités d'échanges économiques qu'on peut avoir dans certains domaines, technologies de pointe et autres. Tout à l'heure après la réponse, il serait intéressant que l'on évoque ces points, à savoir s'il y a des possibilités.

M. Delaneau: Je crois que ce problème, effectivement, nous concerne tous. Nous constatons de plus en plus cette évolution. Après une période, les uns et les autres, nous avons espéré que le développement pouvait faire monter progressivement le niveau social d'un certain nombre de pays. On s'aperçoit que si certains en profitent, quelquefois rapidement et de façon très forte, d'autres

slide, despite their efforts and despite receiving international assistance, whether from the International Monetary Fund or from other countries as part of bilateral agreements. This is true not only of African nations.

At present, in the European country of Romania, the standard of living is steadily declining. I think developed nations will have to try a different approach. However, because of public opinion, this will be very difficult. Developed countries will have to abandon a number of delocalized activities so that certain countries can shake off their inertia and achieve a better standard of living for their people.

I want to relate to you a story told to me by the prefect of Tamanrasset, an Algerian city in the southern Sahara region. He related to me how people coming from the Sahel, undoubtedly the poorest or most desperate region in the Sahara, were setting up underground workshops in the city of Tamanrasset.

When people from less developed countries view another country as being a little more developed than their own, even if this development is not very advanced, they have a tendency to flock there. Assistance must be provided to those countries that are borderline, that is neither underdeveloped or developing, to help them progress more quickly since they take in people from countries in even more dire straits. This is a very difficult social and moral problem for us.

I think we have no choice but to target our activities differently. If we do not, all we will be doing is helping these countries and their populations survive with the surpluses we have accumulated as developed nations. There is indeed a problem here. You talked about globalization. It can be a good thing, but for the moment, because of the difficult employment situation we are experiencing, public opinion is not receptive to our allocating even more resources to developing countries. Yet, if we fail to act, we must expect to encounter major problems. People will migrate to countries where they believe their situation will improve and we can expect open hostility between developed and developing nations.

Mr. Griotteray: I share your concerns. In my view, industrialized or developed countries are guilty of the sin of pride. Their main fault was believing that other countries are just like them, that the same inputs produce the same results everywhere, automatically, and that all they have to do is to provide material assistance to developing nations. That is not true. Some countries to the East have managed to achieve remarkable development without assistance from the international community.

The examples that come to mind are Korea, Formosa and Taiwan. Conversely, some of the countries which receive aid from us continue to stagnate. The problem may be the way we help them, and the fact that they stop producing goods that we supply to them. Quite often, we unwittingly destroy these countries' economy through our carelessness or boastfulness. I think your comments are well-founded.

pays, malgré leurs efforts et les aides internationales, que ce soit de la part du fond monétaire international ou des pays dans le cadre d'accords bilatéraux, continuent à s'enfoncer. Et ce n'est pas vrai seulement pour les pays d'Afrique.

Actuellement, en Europe, la Roumanie continue à voir le niveau de vie par habitant baisser. Je crois qu'il faudra que les nations développées abandonnent. Mais c'est quelque chose de très difficile pour son opinion publique. Ils devront abandonner un certain nombre d'activités, notamment dans ce qu'on appelle des délocalisations pour qu'un certain nombre de pays puissent décoller et arriver à un niveau de vie à peu près correct.

Je vais vous raconter ce que m'a dit le préfet de Tamanrasset. Tamanrasset, c'est une ville d'Algérie dans le sud du Sahara. Il a constaté qu'il y avait des ateliers clandestins qui se créaient, dans cette ville de Tamanrasset, à partir de gens qui venaient du Sahel, la région la plus pauvre sans doute ou la plus difficile de cette région saharienne.

À partir du moment où il y a un pays un petit peu plus développé, même s'il est très bas dans le niveau du développement, des gens venant de pays encore moins développés vont vers lui. Il faut avoir une aide aux pays qui sont à la limite entre le sous-développement et le développement pour qu'ils aillent un petit peu plus vite, car il serviront de relais pour approcher les pays dans une situation de détresse plus grande. C'est un problème tout à fait difficile. Il est social, il est moral pour nous.

Je crois que l'on n'échappera pas à répartir différemment l'activité ou alors on aidera simplement ces pays et les gens qui y vivent à survivre avec nos surplus de nations développées. Je crois qu'il y a derrière tout cela un problème. Effectivement, vous avez parlé de mondialisation, cela peut être une bonne chose, mais pour l'instant, il s'avère que la situation difficile que nous connaissons, les uns et les autres au point de vue de l'emploi, fait que notre opinion publique admet mal que l'on puisse encore apporter des ressources à des pays en voie de développement. Or, si on ne le fait pas, il faudra s'attendre à d'énormes difficultés. Les gens bougeront et iront vers les endroits où ils espéreront une meilleure situation. Il y aura un conflit, je dirais à mains nues, entre les populations développées et les autres.

M. Griotteray: Je rejoins les préoccupations que vous évoquiez à l'instant dans votre propos. Je crois que les pays industrialisés, les pays développés, ont pêché par orgueil. Le principal orgueil, c'est de croire que les autres sont faits comme nous. Que les mêmes choses peuvent donner les mêmes résultats ailleurs, automatiquement, et qu'il suffit d'aider matériellement pour que les pays se développent. Ce n'est pas vrai. On a vu certains pays peu aidés par la collectivité internationale se développer de façon remarquable, dans l'est.

Nous avons tous à l'esprit la Corée, Formose, enfin Taïwan. Et nous voyons, au contraire, certains pays que nous aidons qui stagnent. Il y a donc la façon dont on les aide. Et dans la façon dont on leur apporte éventuellement les produits qu'il ne produisent plus, ils ne les produisent plus parce qu'on leur donne. On a détruit, involontairement bien souvent, l'économie de ces pays par notre imprudence ou notre forfanterie. Alors, je pense

I do not know if France's Parliament is truly aware of this fact. Mr. Delaneau related to you the prevailing atmosphere there. However, these same concerns are being voiced by the media and by the experts.

Mr. Jacques Legendre, Senator, l'Oise: We are talking about two issues which, while related, are somewhat different. On the one hand, the world is becoming a global village. On the other hand, because of uneven global development, people from underdeveloped areas are tempted to migrate to our countries.

In France and indeed in Europe, we are facing a host of immigration problems with which you may be somewhat familiar. Several days ago, I was in Mauritania with the French Minister of Cooperation. He stated very clearly to this country's representatives that we could not take in all of the people from developing countries who were looking for work and at the same time, assure them of good conditions here.

Consequently, our first duty is to help these countries develop on-site activities. This is in their best interest, but it is also in ours. If we fail to do this, we will continue to have immigration problems that we cannot handle. This creates a difficult situation because the jobs available at home are often jobs which were given to people with few technological skills. And if these individuals no longer have these jobs, then we do not know quite what to do with them. One of our concerns is that the number of people who receive income support in France will increase. In fact, the number is already rapidly increasing.

However, aside from this problem, there is also the problem of the pressure being put on the middle class. Where once they had stable jobs, the middle class now find themselves in jobs which are increasingly less stable. Where once they were qualified, now their skills are in jeopardy and they are being threatened with loss of income. The middle class must contend with a widening wage gap.

There is, I believe, a growing sentiment in our society. A portion of the middle class can no longer be assured of any stability for itself and for its children, even if they get a degree, and in the past this guarantee was a given. The population is calling upon our government not to let forms of liberalism completely take hold.

In France, we have a television program where a group of puppets, known as the World Company, depict political life. The World Company does whatever it wants. It transfers jobs from one location to another and lays people off. These puppets accurately depict the anguish gripping society. Often we feel powerless. This is one of the major issues that politicians currently have to contend with.

que les observations, que vous évoquiez à l'instant, sont tout à fait fondées.

Je ne sais pas si le parlement français en a vraiment pris conscience et M. Delaneau a bien précisé l'atmosphère qui est celle du parlement. Mais dans la presse, parmi les experts, on voit les mêmes préoccupations s'exprimer.

M. Jacques Legendre, sénateur de l'Oise: Nous parlons en fait de deux choses qui ont des rapports, mais qui sont aussi un petit peu différentes. Il y a, d'une part, un monde de plus en plus petit et lié. Et d'autre part, un inégal développement qui fait que les populations des régions peu développées sont très tentées de venir chez nous.

Nous avons en France, en Europe, tous les problèmes d'immigration que vous connaissez un petit peu ici. Et j'étais, il y a quelques jours, en Mauritanie avec le ministre de la coopération française. Il disait clairement à nos interlocuteurs que nous ne pouvions pas recevoir et dans de bonnes conditions, tous ceux qui dans les pays en développement sont en difficulté d'emploi.

Par conséquent, notre devoir est d'abord d'aider ces pays à développer des activités sur place. C'est leur intérêt, mais c'est le nôtre aussi. Sinon nous avons ces problèmes d'immigration que nous ne pouvons pas supporter. Et cela est difficile. Le problème est difficile aussi parce que les emplois qu'on peut installer chez eux sont souvent des emplois qui, chez nous, étaient donnés à la partie la moins technologiquement développée de la population. Et si ces gens n'ont plus ces travaux, on ne sait pas trop bien comment les occuper. Une de nos angoisses, c'est l'augmentation des gens qui ont ce qu'on appelle en France le RMI, c'est-à-dire, le minimum que l'on donne à ceux qui sont sans emploi et dont le nombre s'accroît actuellement très vite.

Mais à côté de ce problème, il y a aussi le problème de la pression qui s'exerce sur des catégories moyennes de la population. Ceux-ci avaient des emplois stables. Ils ont maintenant des emplois de moins en moins stables. Ils avaient une qualification et ils voient ces qualifications touchées et leurs revenus menacés de diminuer. J'ai relevé dans la question posée le problème des classes moyennes qui subissent un écart de revenus qui risque effectivement à nouveau de se creuser.

Dans nos sociétés, je crois qu'il y a un sentiment qui se répand. Une partie de ces classes moyennes dans nos sociétés actuellement, n'a plus la garantie de stabilité pour elles et pour leurs enfants, même diplômés, garantie que l'on connaissait dans le passé. On constate une interpellation à l'égard de nos gouvernements pour qu'on ne laisse pas non plus jouer complètement les formes du libéralisme.

Il y a une émission de télévision en France sous forme de marionnettes sur la vie politique dans laquelle on a résumé cela un petit peu et qu'on appelle la *World Company*. La *World Company* fait ce qu'elle veut. Elle transfère les emplois ici ou ailleurs, elle met les gens dehors. Cette caricature, je crois, montre bien l'angoisse de société. On a souvent nous, un sentiment d'impuissance. C'est une des grandes question, me semble-t-il, posée aux politiques actuellement.

This is an issue that needs to be addressed, in my view.

Mr. Jean-Claude Mignon, Member for Seine-et-Marne: I have no comment on this aspect of the discussion, but there is one aspect of the Europe question that intrigues me. Is there a generational aspect to France's support for the union? When I was first in France in the early 1970s, I was impressed by the pro-Europe movement at the time. I observed, and I do not know if this was a reflection of the times, that it was primarily young people who were pro-Europe supporters. Some of you were young people at the time.

Senator Corbin: You are still young, Mr. Mignon.

Mr. Mignon: Am I correct in thinking that one's point of view changes depending on one's age or as one grows older?

Mr. Griotteray: Indeed you are correct. There was a time when the generations who had lived through the war or the post-war generation lived in fear that conflicts of this nature would occur again in France — I should say in Europe — and consequently, there was a very strong desire for peace at all costs, without there being a clear understanding of why Europe, Europe, Europe, as General de Gaulle used to say, must resolve all of its problems. It is also true that young people were fed information — I was going to say propaganda, but that is pejorative — about Europe which made them pro-Europe supporters, caught up in the desire to move freely and to feel at home everywhere on the continent.

Obviously, 10 or 15 years ago, perhaps even before that, European sentiment was running very high, particularly in France. The European elections clearly reflected this fact; in France, voter turnout was high. Without really knowing which Europe they were in the process of building, people had the impression of supporting Europe. This phenomenon was much more widespread in France than in all other European countries, including Germany, of course.

Times have changed. Pro-Europe supporters of Europe are likely to be members of the older generation, although some people in this age group are among the staunchest opponents. However, they are the minority. The majority of older people are pro-Europe.

However, a recent poll showed that young people were extremely distrustful and had a total disregard for past events; the war does not concern them and consequently, they are free to think and to behave in a totally different way than their predecessors. A very special type of evolution is taking place.

In Europe, the Europe that we now know, there is widespread European sentiment. For both supporters and opponents, the Europe that now exists is the highly centralized one based in Brussels. Young people were led to believe that the unemployment problem would be resolved. This is basically what people were told when asked to support Maastricht. They were

Il faut que ce volet de la discussion, me semble-t-il, soit posé aux politiques actuelles.

M. Jean Claude Mignon, député de Seine-et-Marne: Je ne vais pas ajouter à ce volet de la discussion, mais il y a un aspect de la question Europe qui m'intrigue. Est-ce qu'il y aurait lieu de faire des distinctions «générationnelles» par rapport à l'adhésion des Français par exemple? J'avais été impressionné lors de mon premier séjour en France au début des années 70 par le mouvement pro-Europe de l'époque. J'avais remarqué, je ne sais pas si c'était symptomatique, que c'était surtout des jeunes qui militaient en faveur de cette évolution. Vous étiez, certains d'entre vous, jeunes à l'époque.

Le sénateur Corbin: Vous êtes encore jeune, surtout M. Mignon.

M. Mignon: Est-ce que j'aurais raison de penser que le point de vue varie selon que l'on est d'un certain âge ou des générations montantes?

M. Griotteray: Vous avez tout à fait raison. Il y a un certain temps, je ne sais pas à quelle époque vous faisiez allusion, il y avait chez les générations qui avaient connu la guerre ou qui suivaient la guerre, une hantise d'éviter que des conflits de ce genre se reproduisent en France — en Europe devrais-je dire — et en conséquence, il y avait un très fort désir de paix à tout prix, sans qu'on comprenne très bien pourquoi l'Europe, l'Europe, l'Europe, comme le général de Gaulle le disait, devait régler tous les problèmes. Alors c'est vrai que les jeunes ont connu également un moment où — j'allais dire la propagande, mais c'est péjoratif — l'information sur l'Europe les rendait assez favorables à l'Europe, avec tout ce qu'il y avait de séduisant dans l'idée de circuler et d'être chez soi partout en Europe.

Il est évident qu'il y a 10 ou 15 ans, peut-être plus, le sentiment européen était plus fort, surtout en France d'ailleurs. On le voyait aux élections européennes; en France, le pourcentage de gens qui votaient ou qui manifestaient leur opinion était élevé. Les gens, sans très bien savoir quelle Europe était en train de se bâtir, avaient l'impression d'être pour l'Europe. Ce phénomène était beaucoup plus important que dans tous les autres pays européens, Allemagne incluse bien entendu.

Les choses ont changé. C'est maintenant, effectivement, dans les classes toujours les plus âgées qu'on retrouve les partisans raisonnables de l'Europe et également ceux qui y sont le plus opposés, il faut le dire, mais minoritairement. La majorité, dans les classes plus âgées, est d'accord.

Par contre, un récent sondage a prouvé que les jeunes étaient extrêmement méfiants car ils se fichent complètement de toutes les histoires du passé; la guerre ne les concerne pas et en conséquence, ils ont une liberté de jugement et de comportement tout à fait différente de leurs prédécesseurs. Ce qui fait qu'il y a une évolution là-dessus très particulière.

D'autant qu'en Europe, telle qu'elle s'est faite finalement, il y a un sentiment européen chez tout le monde. Pour ceux qui y sont favorables comme pour ceux qui s'y opposent, l'Europe qu'ils critiquent, c'est l'Europe très centralisée de Bruxelles. On avait dit aux jeunes qu'elle allait régler le problème du chômage. Cela a été toute la propagande du OUI à Maastricht, c'est-à-dire: votez

asked to vote yes because the consequences of a no vote would be dramatic. They were told that a yes vote would mean jobs. Young people have come to realize that this was untrue and consequently, they are even more distrustful than they should be about Europe.

Mr. Mignon: I do not know if I am more European, but I do feel that something has happened since 1989 and the fall of the Berlin Wall. Clearly, for some people, Europe today must be different than what it was before the Berlin Wall crumbled.

Many of us are also members of another assembly, the Parliamentary Assembly of the Council of Europe. When I listen to all of my parliamentary colleagues, I am struck by the fact that when these men and women from central and eastern European countries share their problems with us, we are really quite unaware of what they are experiencing.

A while ago, Senator Delaneau talked about Romania and mentioned that the standard of living was continuing to decline in that country. We cannot compare apples and oranges. Today, it is very difficult to compare the standard of living in these countries with that in France or in Canada because the starting point is very different.

I am very pleased that Canada has applied for observer status within the Council of Europe, much like the United States and Japan did. I am confident that when you sit next to us on the Council of Europe, we as founding members and you as observers will come to understand, even discover, a number of things and you will get another perspective of things. Each time we are asked questions, it is about the European Union, the Europe of 15.

Nonetheless, it is very frustrating that other countries on the European continent are seemingly ignored.

For someone like myself who was born after the war, I find that when I discuss issues with some of my young fellow countrymen, they have trouble understanding why we seem to be ignoring our fellow Europeans and completely excluding them from European Union level talks.

Mr. Francis LeBlanc, MP for Cap Breton Highland-Canso: I would like to come back to the development problem that our French colleagues mentioned, in response to the very important question put by my colleague, Mr. Paré, about certain specific situations.

Right now, Canada is close to a decision on whether it should renew its mandate in Haiti to help with the reconstruction of this nation under the auspices of the UN or quite possibly within some other context.

As you know, Haiti is a developing francophone country currently experiencing major political and economic unrest. France has a unique responsibility toward other Third World francophone countries, including certain African nations. My

OUI, si vous votez NON, ce sera dramatique. Si vous votez OUI, il y aura des emplois. Ils s'aperçoivent que tout cela n'est pas vrai et ils ont en conséquence une méfiance plus grande encore qu'ils ne devraient avoir — c'est un méfiant qui parle — à l'égard de l'Europe.

M. Mignon: Je ne sais pas si je suis plus européen mais il me semble quand même que quelque chose s'est passée aussi depuis 1989: la chute du Mur de Berlin. Il est bien évident que pour certains, l'Europe aujourd'hui, telle qu'elle était conçue avant la chute du Mur de Berlin, ne doit plus être aujourd'hui tout à fait la même.

Nous sommes un certain nombre à siéger également dans une autre assemblée qui s'appelle l'Assemblée parlementaire du Conseil de l'Europe. Je suis frappé au contact de tous mes collègues parlementaires de ce qu'on appelle les pays d'Europe centrale et d'Europe orientale; je suis frappé lorsque ces femmes et ces hommes s'expriment, nous font part de leurs problèmes et à quel point nous méconnaissions aujourd'hui leurs problèmes.

Et tout à l'heure, le sénateur Delaneau a parlé de la Roumanie en expliquant que le niveau de vie continuait à baisser en Roumanie. Je crois qu'il faut comparer ce qui est comparable. Et c'est très difficile, aujourd'hui, de faire une comparaison entre le niveau de vie de ces pays et le niveau de vie de la France ou du Canada parce que l'on n'a pas de base, au départ, pour en parler.

Je suis très heureux que le Canada ait postulé pour avoir un statut d'observateur au sein du Conseil de l'Europe, au même titre que les USA et que le Japon. Je suis intimement persuadé lorsque vous siégerez à nos côtés au Conseil de l'Europe, nous, en tant que membres fondateurs mais vous en tant qu'observateurs, que vous allez aussi comprendre un certain nombre de choses, découvrir même certainement un certain nombre de choses qui vous donnera peut-être une autre explication. Il est vrai qu'à chaque fois qu'on nous interpelle, c'est pour nous parler de l'Union européenne, des 15.

C'est quand même très frustrant de faire l'impasse sur la totalité des autres pays qui sont aujourd'hui sur le continent européen.

Il est vrai que pour quelqu'un comme moi qui suis né après la guerre, lorsque je discute avec un certain nombre de jeunes concitoyens, ils ont du mal à comprendre aujourd'hui qu'on fasse cette impasse sur tous nos compatriotes européens qui sont complètement évincés de cette discussion au niveau de l'Union européenne.

M. Francis LeBlanc, député Cap-Breton Highlands-Canso: J'aimerais revenir sur la problématique du développement que nos collègues français ont discutée, en réponse à la question très importante de mon collègue monsieur Paré, au sujet de certaines situations particulières.

Maintenant, le Canada est près d'en venir à une décision sur la question du renouvellement de notre mandat à Haïti pour assister à la reconstruction de ce pays dans le cadre de l'ONU ou bien possiblement en dehors du cadre de l'ONU.

Haïti, comme vous le savez, est un pays francophone en voie de développement qui subit actuellement de grands problèmes politiques et économiques. La France a une responsabilité particulière envers d'autres pays francophones du tiers-monde,

question is this: one important deciding factor in whether or not we will maintain our involvement in Haiti and in what our exact level of commitment will be will depend a little on the public support we receive. Public tolerance will be a factor in our decision as to whether to maintain a presence in this country. The long-term cost implications will also be a determining factor.

Given France's involvement in developing countries and given how important it is for it to participate in economic development, as you mentioned, how does public opinion in France currently affect foreign policy directions and the level of aid granted to developing countries such as Haiti? Support implies a substantial investment in terms of economic policy.

I know that Canada will soon have to make a decision where Haiti is concerned. I recently attended a meeting in Haiti with one of my colleagues, Mr. Bergeron. We know that the mission there is far from being completed. We know that in order to do the job that needs to be done, a considerable investment is required.

I would like to know how the public in France views this level of involvement.

M. Legendre: Where the French public is concerned, there has always been an undercurrent of hostility, or at least some reservations when it comes to providing aid to developing countries. In the 1950s and 1960s, Jacques Chirac had yet to be elected in his riding of Corrèze. However, a significant portion of the population has always been in favour of helping troubled nations. Aside from State taxation and action, many people volunteer their efforts. For example, local communities are involved in decentralized cooperation. They are under no obligation to do so. Districts, departments and regions are spontaneously involved in helping far-off countries through twinning or aid programs.

Such efforts are widespread. Given the current crisis, the French public is above all concerned by its own problems. For example, in my city 16 per cent of the population is unemployed. The textile industry is important to our community. How does one explain to the people that the textile industry is going to be cut even further so that assistance can be provided to a developing country, when the local rate of unemployment is 16 per cent? If you ask this question, you will get this kind of answer. However, you will also have people telling you upon further reflection that efforts must still be made to help other countries develop. We have to find markets where they will not be in competition with us. If we fail to do this, more and more people will be knocking at our door and will be trying to enter the country any way they can. We will continue to have immigration problems.

Therefore, questions and polls will not give us the answer we are seeking. Based on the question asked, we might get two totally different responses.

dont certains en Afrique. La question que je voudrais poser est la suivante: je sais qu'un des facteurs importants qui va jouer dans notre décision de s'engager à Haïti et le niveau de cet engagement va dépendre un peu de l'appui qu'on peut avoir dans notre population. La tolérance de la population jouera dans notre décision pour continuer de s'engager et dans les implications que cela va donner en termes de coûts et d'engagement à long terme.

J'aimerais savoir, compte tenu des implications de la France envers les pays en voie de développement et de l'importance que vous avez soulevée d'assister au développement économique, comment l'opinion publique en France, actuellement, joue envers sa politique étrangère vis-à-vis l'assistance à des pays en voie de développement, par exemple, Haïti? Cet appui va impliquer beaucoup d'investissements en termes de politique économique.

Je sais que pour Haïti, cette question va venir pour le Canada bientôt. J'ai assisté récemment avec un des mes collègues ici, monsieur Bergeron, à une rencontre à Haïti. Nous savons que la mission est loin d'être complétée. Nous savons que pour faire la tâche comme il faut, cela va prendre un investissement considérable.

Mais j'aimerais savoir comment la population en France est disposée envers ce genre d'implication.

M. Legendre: Il y a toujours eu dans l'opinion publique française un courant hostile ou réservé à l'égard de l'aide aux pays en développement. Dans les années 1950-1960, un grand journaliste, M. Cartier, avait trouvé un slogan; il disait qu'il fallait faire passer la Corrèze et Jacques Chirac n'était pas encore élu en Corez avant le Zambèze. Mais à côté de cette tendance, il y a toujours eu un courant important pour aider les nations en difficulté. Beaucoup de gens sont volontaires, en dehors de l'impôt, en dehors de l'action de l'État, pour participer à des actions. Par exemple, des collectivités locales font de la coopération décentralisée. Elles ne sont pas obligées. Des communes, des départements, des régions vont apporter, dans le cadre d'un jumelage ou d'une aide, et faire un effort spontanément pour un pays lointain qui a des difficultés.

Cela existe aussi et de manière importante. Je crois qu'avec la crise actuelle, la grande opinion française est d'abord préoccupée, évidemment, de ses propres difficultés. Dans ma ville par exemple, il y a 16 p. 100 de la population en chômage. On y fait du textile. Comment voulez-vous facilement expliquer qu'on va diminuer encore ce qui reste de l'industrie du textile pour aller l'encourager dans un pays en développement quand on a chez soi 16 p. 100 de chômage? Donc, si vous posez la question, vous aurez ce genre de réponse et vous aurez aussi des gens qui vous diront: oui mais si on réfléchit un peu plus, il faut quand même aider les autres à se développer. Nous devons trouver des créneaux dans lesquels on n'est pas en concurrence. Sinon, on va avoir de plus en plus de gens qui seront à nos portes et qui vont vouloir entrer au pays par tous les moyens. On va avoir des problèmes d'immigration.

Je crois qu'il est difficile de donner une réponse en termes de questions et de sondages. Vous pouvez avoir deux réponses contradictoires en fonction de la question.

I feel that we must nevertheless maintain our interest in this area. Our states are required to allocate a significant share of aid to developing countries. However, the money does not necessarily have to come in the form of state aid.

Mr. Delaneau: To add to what Mr. Legendre just said, your question also referred to the problem of investments for reconstruction or equipment. Everyone is rushing to get to countries that have experienced a disaster of some sort, whether as a result of the war in the Middle East or perhaps government carelessness, as was the case in Haiti. Everyone is rushing to countries where the basic economy needs to be rebuilt.

Often, large groups become involved. There is one group in France that keeps turning up everywhere, whether in Lebanon or in Kuwait. I would imagine that they will also turn up in Haiti.

However, as Mr. Legendre pointed out, when it comes to investing, what can our companies do? I am talking about companies that produce goods that will have to be sold somewhere? These countries are often unable to purchase themselves the goods that they are being asked to produce. This brings us back to the delocalization problem discussed earlier in response to Mr. Paré's question.

It is not easy. As far as Haiti is concerned, France cannot be a disinterested party because of its history with the country. Theoretically, Haiti has been a free country since the 1800s. It was a republic. Unfortunately, it has always been ruled by a local dictator or by a neighbouring country which needed to use it as a base of operations.

If the political problems in Haiti are not resolved, there is no chance that the country's economy will develop. From a cultural standpoint, there is a very strong connection between France and other francophone nations. To give you an example, at the upcoming Avignon festival, theatrical performances will depict the tragedy of King Christophe and Césaire. Césaire was from the Caribbean. Owing to a number of factors, France will maintain its presence in this part of the world. I know that Canada is also committed and that it has fairly close ties with France.

The first thing we need to do is restore law and order to this country. Together we have much work to do.

Mr. Griotteray: Your question was right on the mark. On the one hand, we need to decide what we are going to do right now if the UN decides to discontinue official aid as a result of China's veto.

For the moment, it is clear that the situation has improved slightly in Haiti, one of the most traumatized nations in the world. The improvement is due to the fact that police officers and French, Canadian, and I believe Senegalese, troops are stationed

Moi je crois néanmoins que nous ne pouvons pas nous désintéresser de cette affaire. Nos états sont obligés de consacrer une part significative d'aide aux pays en développement; que ce soit l'État ou que ce soit d'autres formes d'aide, mais en provenance du pays si vous voulez. Ce n'est pas nécessairement sous une forme étatique.

M. Delaneau: Oui, en complément de ce que vient de dire Jacques Legendre, dans votre question, il y avait aussi le problème des investissements, je dirais, de reconstruction ou d'équipements. Tout le monde se précipite partout où il y a des pays qui ont subi un désastre, que ce soit du fait de la guerre au Proche-Orient ou du fait, je dirais, de l'incurie des gouvernements en ce qui concerne Haïti. Où il y a à reconstruire, où il y a à recréer des moyens économiques de base, tout le monde se précipite.

Souvent, c'est par l'intermédiaire de grands groupes. Nous, on a un groupe qu'on retrouve un petit peu partout, que ce soit au Liban ou au Koweït. Je suppose qu'on le retrouvera certainement à la porte d'Haïti.

Mais comme le soulignait Jacques Legendre, lorsqu'il s'agit d'aller investir, que peuvent faire nos entreprises lorsqu'il s'agit d'entreprises de production de biens qu'il faudra revendre quelque part? Ces pays sont souvent incapables d'acheter eux-mêmes les biens qu'on va leur faire produire. Donc on retombe sur le problème de délocalisation dont on parlait tout à l'heure à l'occasion de la question de notre collègue Paré.

C'est très difficile. Alors en ce qui concerne Haïti, je crois que l'histoire fait que la France ne peut pas s'en désintéresser. D'abord parce c'est un pays qui, depuis 1800 et quelques, était théoriquement libre. C'était une république. Malheureusement, elle a été toujours sous la coupe ou d'un dictateur local ou d'un pays voisin qui avait besoin de s'en servir comme base opérationnelle.

Si le problème politique n'est pas réglé, on peut espérer tout ce qu'on veut du développement économique; il ne se fera pas. Au point de vue culturel, il y a une implication très forte entre la France et, je dirais, les pays francophones. Et pour ce malheureux pays d'Haïti, pour vous donner un exemple, au prochain festival d'Avignon, on verra dans les grandes présentations de pièces de théâtre la tragédie du roi Christophe et de Césaire. Mais Césaire, c'est aussi les Caraïbes. Il y a tout un ensemble qui fait que la France restera présente. Je sais que le Canada aussi s'est engagé et de façon assez étroite avec la France.

Je dirais que la première chose qu'il faut faire revenir dans ce pays, c'est la sécurité et l'ordre. Je crois qu'on a ensemble des choses à faire.

M. Griotteray: Vous aviez posé la question comme il se doit, c'est-à-dire comme vient de le rappeler M. Delaneau. Il y a, d'une part l'immédiat, c'est-à-dire ce que nous allons faire vous et nous, si l'ONU ne poursuit pas face au veto des Chinois l'aide officielle pour la sécurité car c'est bien cela.

Pour l'instant, il est évident qu'il y a une légère amélioration dans un des pays les plus traumatisés du globe. Il y a une amélioration parce que les policiers et quelques troupes françaises et canadiennes et je crois sénégalaises, sont là. Mais qu'elles

there. However, once they leave, we will be back to square one and perhaps worse right away.

We have to address this problem before we tackle investments in the country. Investments will follow if order is maintained. What we need to decide is whether we want to maintain the kind of system of law and order that prevailed during the colonial era, which was not all bad. It is vital that order be maintained because once French or Canadian officials pull out, the law enforcement body that we have established will disappear overnight. It will simply pull up stakes and go home.

We are facing a dilemma: Either we go along with China's veto or, as you mentioned earlier, we courageously resume our flow of aid.

We consider ourselves an intermediary, even without the UN mission. You were correct in bringing this matter up. Nobody does and this is hypocrisy.

[English]

The Chairman: Time is marching on. In the short time that remains, since we have been asking the questions of our guests, perhaps we should give them an opportunity to test our generosity. Are there questions that you would like to raise with us?

[Translation]

Mr. Delaneau: One question is going to come to the forefront soon in the countries of the former Yugoslavia. At the end of this year, American and Canadian troops are scheduled to pull out. What will happen then? Is your foreign affairs ministry aware of any multilateral groups waiting to take up the slack? If there are none, we feel certain that ethnic turmoil will return to the former Yugoslavia.

As Europeans, we are concerned about this problem because Europe has demonstrated that in its present state, it is unable to resolve a problem within its own borders. This is not a pleasant realization, but we are looking to the United States and its presence to calm matters down.

I do not think we can expect order to be maintained unless there is some presence after January 1, albeit in a different form.

Mr. LeBlanc: I cannot speak for the minister even though I am his parliamentary secretary. I know that Canada has made some rather substantial commitments since the start of the crisis in the former Yugoslavia, whether as part of the UN or the NATO contingents.

The most important thing that Canada can do is to support the return of democracy to this region.

We have contributed to this goal and we do assure a presence in the region with the help of election observers. We have even helped to set in place the infrastructure for future elections. The following questions now come to mind: Are the conditions ripe

disparaissent, on repart à la case zéro et peut-être en dessous de zéro immédiatement.

Alors il y a ce problème avant les investissements. Les investissements viendront si on maintient l'ordre. Alors il s'agit de savoir si on est décidé à maintenir l'ordre comme à l'époque coloniale qui n'avait pas que des mauvais côtés. Il faut faire ce maintien de l'ordre car du jour où les policiers français ou canadiens seront partis, la milice, la gendarmerie que nous avons mise sur pied disparaîtrait du jour au lendemain. Ils se déshabillent et rentrent chez eux.

Alors, nous sommes devant un problème où on admet le blocus chinois ou on reprend, comme vous l'avez dit tout à l'heure, avec beaucoup de courage.

L'hypothèse du relais, on le fait sans la mission de l'ONU. C'est un problème. Mais vous avez bien fait de le poser car personne ne le pose car on est très hypocrite.

[Traduction]

Le président: Le temps passe. Puisque c'est nous qui avons jusqu'à maintenant posé des questions à nos invités, nous devrions peut-être leur laisser le peu de temps qui reste pour faire de même. Auriez-vous des questions à nous poser?

[Français]

M. Delaneau: Une question va se poser bientôt dans les pays de l'Ex-Yougoslavie. À la fin de cette année, les troupes, notamment américaines et canadiennes, ont décidé de partir. Que va-t-il se passer ensuite? Est-ce qu'il peut y avoir une structure que votre ministre des Affaires étrangères appelle des groupes multilatéraux qui puisse, je dirais, assurer un certain relais. Sans cela, nous sommes certains, comme en Haïti, que les luttes entre les diverses ethnies de l'Ex-Yougoslavie vont reprendre.

Alors c'est un problème qui nous angoisse, nous, Européens, parce que l'Europe a montré qu'en son état actuel, elle n'avait pas été en mesure de régler un problème intra-européen. C'est un constat qui ne nous fait pas plaisir, mais il faut que les États-Unis amènent leur potentiel de façon tout à fait importante pour qu'on arrive à calmer les affaires.

Je ne crois pas qu'on puisse espérer un maintien du calme s'il n'y a pas une présence sous une forme différente, certainement, mais après le premier janvier.

M. LeBlanc: Je ne peux pas parler au nom du ministre même si je suis son secrétaire parlementaire. Je sais que le Canada a été engagé d'une manière assez importante depuis le début des troubles dans l'Ex-Yougoslavie, que ce soit dans le cadre des Nations Unies ou dans le cadre de l'OTAN.

Je pense que le rôle que le Canada peut jouer le plus efficacement dans cette région, dans le cadre de la reprise de démocratie, est de soutenir la reprise de la démocratie dans cette région.

Je sais que nous avons contribué et nous sommes présents dans la région par l'entremise des experts en matière d'élections et nous avons élaboré l'infrastructure pour des éventuelles élections. La question qui se pose actuellement est la suivante: est-ce que les

for elections or should the international military presence be maintained for a while longer to allow favourable conditions to take root?

This is a matter of concern to Canada at the present time. This is how we view this situation.

[English]

The Chairman: It certainly is a most difficult problem.

I should mention that we have been joined by Senator Prud'homme. Welcome, Senator Prud'homme.

[Translation]

Senator Prud'homme: I was absent for a good reason. I attended the special graduation ceremony of Mr. Alain Juppé at my university. He received an honorary doctorate this morning. That is why I could not be here. Otherwise, I would have been the first one here. I do, however, have a question, Mr. Chairman.

Canada has a great many responsibilities and we are also facing financial problems. We have troops in Haiti. Everyone is pulling out of Haiti. We are not sure what we are going to do. Are we going to be the only country left there?

Canada and France are always asked to ensure a presence, but what about other countries? Where are they?

What about major countries like Italy and Japan? Eventually, other countries will have to assume their responsibilities and help us out because increasingly, we are going to have to contend with problems everywhere.

I do not know what is going to happen in the Middle East but I am certain that we will be asked to help out in this region once again. I would have liked to have asked a question about the Middle East. It is indeed one of my favourite subjects, but I would not want to take advantage of the situation.

Mr. Griotteray: I can see that we all have the same concerns and that no one has all the answers.

Mr. Delaneau: Getting back to Haiti, I have to wonder if it might not be a good thing if Canada and France were virtually the only countries to intervene in this country? This is only my opinion.

I think that in the case of a certain number of countries, we will have to restore a type of protectorate system. I think this could be done humanely, taking into account the specific characteristics of these countries and in a manner respectful of the population.

I wonder if perhaps we may not have to reinvent a way of doing things, not the way things were done 50 or 70 years ago after World War I, but some other way, as if we were providing some guidance. Superiority or inferiority are not the issue here. The point is ensuring some economic stability. I think such a mechanism would work in countries with a long democratic history, countries that have already overcome a number of obstacles.

conditions sont là pour avoir des élections ou est-ce que la présence militaire internationale doit se maintenir plus longtemps pour qu'on puisse avoir les conditions pour des élections?

Cette question nous préoccupe au Canada à l'heure actuelle. Nous y voyons un des aspects de notre avantage comparé dans l'application de la région. C'est dans cette dimension.

[Traduction]

Le président: Il s'agit sans aucun doute d'un problème très complexe.

Je vous signale que le sénateur Prud'homme vient de se joindre à nous. Bienvenue, sénateur Prud'homme.

[Français]

Le sénateur Prud'homme: J'étais absent pour une bonne raison. J'ai assisté à la collation d'un grade spécial de M. Alain Juppé. Il a reçu un doctorat honorifique ce matin. Cela explique mon absence. Autrement, j'aurais été le premier arrivé. Mais j'aurais une question, M. le président.

Le Canada a beaucoup de responsabilités et nous avons un problème d'argent chez nous aussi. Nous sommes à Haïti. Tout le monde se retire d'Haïti. On ne sait pas ce qu'on va faire. Est-ce qu'on va se retrouver seul un peu partout?

On demande toujours au Canada et à la France d'être partout, mais où sont les autres? Où sont les autres?

Il y a des grands pays, l'Italie, le Japon. Éventuellement, d'autres gens vont être obligés de prendre en main leurs responsabilités et nous épauler parce que de plus en plus, il va y avoir des problèmes partout, il semblerait.

Je ne sais pas ce qui va arriver au Moyen-Orient mais encore là, il y aura encore des appels pour aller aider. J'aurais aimé, moi, poser une question sur le Moyen-Orient; c'est l'une des mes grandes préoccupations, mais je ne voudrais pas abuser.

M. Griotteray: Je constate que nous avons totalement les mêmes préoccupations et nous n'avons pas beaucoup plus de solutions.

M. Delaneau: Pour en revenir à Haïti, je me demande mais cela n'engage que moi, si cela ne serait pas une bonne chose qu'il n'y ait pratiquement que le Canada et la France qui s'en occupent?

Vous savez, on sera obligé d'en revenir, pour un certain nombre de pays je crois, à un dispositif du type protectorat. Un certain nombre de pays serait amené à nous guider avec toute l'humanité qu'on peut mettre dans cette action et avec le respect des individus et des singularités de ces pays.

Je me demande si ce n'est pas quelque chose qu'il faudra réinventer, pas de la façon dont on l'a fait il y a 50 ans ou 70 ans après la première guerre mondiale, mais d'une autre façon, une espèce de «guidance» d'ainés. Ce n'est pas un problème de supériorité ou d'infériorité, mais je dirais à la fois de solidité au niveau économique. Je crois que cela peut être confié seulement à des pays qui ont déjà une longue histoire démocratique, enfin, qui ont déjà surpassé un certain nombre de problèmes.

Senator Prud'homme: In response to Senator Delaneau's suggestion that we turn back the clock to an era when the League of Nations assigned mandates to countries that had the means to maintain or re-establish order — or to establish democracy because a while ago someone mentioned restoring democracy — there never was a democracy in the former Yugoslavia.

The former Yugoslavia was a totally artificial country invented by France after World War 1. It was totally artificial, and ruled by dictator King Alexander, and later by Tito.

Aside from this fact, the factions in this country are automatically combative. Only one dictatorship was able to maintain peace at the expense, of course, of individual freedom. Clearly, as we approach the end of the second millennium, this is a dramatic problem for us. Do we really want to become global law enforcement officers? Judging from what we read in the newspapers, all of Africa, all of black Africa, is an uproar. Let us not even talk about the situation in Northern Africa.

[English]

The Chairman: I notice the time, honourable senators and members of the House of Commons, and our guests have another commitment at eleven o'clock.

I am prompted to say, by the discussion that we have had, that this discussion ought to be continued at leisure, and then I see the possibility of the development of something that might be called the "new alliance." Those of us who are of Scottish ancestry think of the old alliance between Scotland and France. I am now proposing a new alliance between Canada and France to deal with some of the serious problems that face us.

The committee adjourned.

Le sénateur Prud'homme: En réponse à la suggestion du sénateur Delaneau, c'est-à-dire revenir à la situation où la SDN donnait des mandats à des puissances qui en avaient les moyens de maintenir l'ordre ou de le rétablir — ou d'établir la démocratie, car tout à l'heure quelqu'un a dit: le retour à la démocratie — il n'y a jamais eu de démocratie dans l'ex-Yougoslavie.

L'ex-Yougoslavie était un pays totalement artificiel inventé par la France après la guerre de 1914-1918, qui a tenu par la dictature du roi Alexandre et qui a tenu ensuite par la dictature de Tito.

En-dehors de cela, ces gens se battent automatiquement. Donc, il n'y a qu'une dictature qui a réussi à maintenir la paix au détriment, naturellement, de la liberté des uns ou des autres. Alors il est clair que c'est un problème dramatique pour nous en cette fin du deuxième millénaire, à savoir si nous voulons redevenir les gendarmes un peu partout dans le monde. En vérité, on le voit bien en lisant les journaux; c'est toute l'Afrique, toute l'Afrique noire, qui est dans cet état. Ne parlons pas de l'état de l'Afrique du Nord.

[Traduction]

Le président: Honorables sénateurs et députés de la Chambre des communes, le temps passe et nos invités ont un autre engagement à 11 heures.

La discussion que nous avons eue m'incite à penser que nous devrions la poursuivre à loisir. J'entrevois la possibilité de mettre sur pied quelque chose qu'on pourrait appeler la «nouvelle alliance». Ceux d'entre nous qui sont d'ascendance écossaise pensent à l'ancienne alliance entre l'Écosse et la France. Je propose maintenant une nouvelle alliance entre le Canada et la France pour régler certains des graves problèmes auxquels nous sommes confrontés.

La séance est levée.



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Thirty-fifth Parliament, 1996

Deuxième session de la
trente-cinquième législature, 1996

SENATE OF CANADA

SÉNAT DU CANADA

*Proceedings of the Standing
Senate Committee on*

*Délibérations du comité
sénatorial permanent des*

Foreign Affairs

Affaires étrangères

Chairman:
The Honourable JOHN B. STEWART

Président:
L'honorable JOHN B. STEWART

Tuesday, June 18, 1996

Le mardi 18 juin 1996

Issue No. 6

Fascicule n° 6

First and only Proceedings on:
Meeting with a Parliamentary Delegation
from Romania

Première et unique réunion concernant:
Rencontre avec une délégation parlementaire
de la Roumanie

THE STANDING SENATE COMMITTEE ON
FOREIGN AFFAIRS

The Honourable John B. Stewart, *Chairman*

The Honourable Pat Carney, P.C. *Deputy Chair*

and

The Honourable Senators:

Andreychuk

Bacon

Bolduc

Corbin

* Fairbairn, P.C. (or Graham)

Gauthier

Grafstein

Kelleher

* Lynch-Staunton

(or Berntson)

MacEachen, P.C.

Ottenheimer

Stollery

* *Ex Officio Members*

(Quorum 4)

LE COMITÉ SÉNATORIAL PERMANENT DES
AFFAIRES ÉTRANGÈRES

Président: L'honorable John B. Stewart

Vice-présidente: L'honorable Pat Carney, c.p.

et

Les honorables sénateurs:

Andreychuk

Bacon

Bolduc

Corbin

* Fairbairn, c.p. (ou Graham)

Gauthier

Grafstein

Kelleher

* Lynch-Staunton

(or Berntson)

MacEachen, c.p.

Ottenheimer

Stollery

* *Membres d'office*

(Quorum 4)

MINUTES OF PROCEEDINGS

OTTAWA, Tuesday, June 18, 1996

(10)

[Translation]

The Standing Senate Committee on Foreign Affairs met this day, at 11:03 a.m., in Room 172-E of the Centre Block, the Chairman, the Honourable John B. Stewart, presiding.

Members of the Committee present: The Honourable Senators Andreychuk, Bacon, Bolduc, Corbin, Grafstein, Ottenheimer and Stewart. (7)

Also present: From the Research Branch of the Library of Parliament: Mr. Anthony Chapman, Economics Division.

In attendance: Official reporters of the Senate.

The committee met with a parliamentary delegation from Romania composed of Professor Oliviu Gherman, President of the Senate, and Senators Gheorghe Secara, Stefan Popa and Constantin Sava.

Ms Cristina Dumitrescu, parliamentary counsellor, Mr. Serban Radulescu, medical counsellor, Mr. Dumitru Fricosu, personal secretary to the President of the Senate, Mr. Radu Mateescu, chargé d'affaires at the Embassy of Romania, and Ms Herawaty Sebahang, interpreter, accompanied the delegation.

The Romanian and Canadian parliamentarians talked about bilateral and international issues of common interest.

At 12:00 noon, the committee adjourned to the call of the Chair.

ATTEST:

PROCÈS-VERBAL

OTTAWA, le mardi 18 juin 1996

(10)

[Français]

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui à 11 h 03, dans la pièce 172-E de l'édifice du Centre, sous la présidence de l'honorable John B. Stewart (*président*).

Membres du comité présents: Les honorables sénateurs Andreychuk, Bacon, Bolduc, Corbin, Grafstein, Ottenheimer et Stewart. (7)

Également présent: Du Service de recherche de la Bibliothèque du Parlement: M. Anthony Chapman, Division de l'économie.

Aussi présents: Les sténographes officiels du Sénat.

Le comité tient une rencontre avec une délégation de parlementaires roumains composée de monsieur Oliviu Gherman, Président du Sénat et des sénateurs Gheorghe Secara, Stefan Popa et Constantin Sava.

Madame Cristina Dumitrescu, conseillère parlementaire, monsieur Serban Radulescu, conseiller médical, monsieur Dumitru Fricosu, secrétaire privé du président du Sénat, monsieur Radu Mateescu, chargé d'affaires de l'ambassade de la Roumanie et madame Herawaty Sebahang, interprète, accompagnaient la délégation.

Les parlementaires roumains et canadiens tiennent des échanges sur des questions bilatérales et internationales d'intérêt commun.

À 12 h 00, le comité s'ajourne jusqu'à nouvelle convocation de la présidence.

ATTESTÉ:

Le greffier du comité,

Serge Pelletier

Clerk of the Committee

EVIDENCE

OTTAWA, Tuesday, June 18, 1996

The Standing Senate Committee on Foreign Affairs met this day at 11:00 a.m. with a parliamentary delegation from Romania.

Senator John B. Stewart (*Chairman*) in the Chair.

[*English*]

The Chairman: Honourable senators, this morning we have the great pleasure of having with us Professor Oliviu Gherman, the president of the Senate of the Parliament of Romania. He is accompanied in Canada by his wife, but here this morning he has with him four senators and various other members of his entourage.

I will begin by introducing our Canadian senators, and then I will turn to the president of the Romanian Senate and ask him to introduce those accompanying him. Our members who are present today are: Senator Bacon from the Province of Quebec, Senator Corbin from the Province of New Brunswick, Senator Ottenheimer from Newfoundland and Labrador, and Senator Bolduc from the Province of Quebec. Also with us is Mr. Serge Pelletier, our indispensable clerk. I am from Nova Scotia.

Professor Oliviu Gherman, President of the Senate of Romania: I should like to introduce my colleagues. Senator Gheorghe Secara is a member of the Party of the Romanian Unity and a professor at the Polytechnic Institute in Brasov. Senator Stefan Popa is more widely known in Romania by his literary pseudonym of Augustin Doinas. As a published poet, he is a member of the Romanian Academy. He is a member of the opposition party, the Civic Alliance Party. With us also is Senator Constantin Sava, the Secretary General of the Senate. He is President of the Council of National Salvation, the party which he also represents. Senator Aristotel Adrian Căncescu is a member of the Presidium of the Senate. As well as being a member of the Democratic Party, he is also a member of a group of parties which is called the Social Democratic Union Group of Parties. Madame Dumitrescu is a counsellor at the Department of Foreign Affairs of the Senate. Mr. Fricosu is my personal secretary.

I think that the best way to proceed would be for us to answer your specific questions so that you will not glean an image which I will describe to you of our country.

The Chairman: Mr. President, during the last ten years or so, our committee has been chiefly concerned with trade matters. We dealt with the trade agreement with the United States of America, we dealt with the North American Free Trade Agreement, NAFTA, as well as with the World Trade Organization Bill. We have also completed a study of the future of our economic relations with Latin America. Presently, we are working on a report on Canada's relations with Europe. I would say the main part of report will deal with trade and economic matters, but we also have been interested in security matters insofar as Canada and Europe are concerned.

TÉMOIGNAGES

OTTAWA, le mardi 18 juin 1996

Le comité sénatorial permanent des affaires étrangères rencontre aujourd'hui, à 11 heures, une délégation parlementaire de Roumanie.

Le sénateur John B. Stewart (*président*) occupe le fauteuil.

[*Traduction*]

Le président: Honorables sénateurs, nous avons l'honneur ce matin d'avoir parmi nous le professeur Oliviu Gherman, Président du Sénat du Parlement de Roumanie. Il est venu au Canada avec son épouse, mais ce matin, il est accompagné de quatre sénateurs et de divers autres membres de son entourage.

Je vais commencer par présenter nos sénateurs canadiens avant de demander au Président du Sénat de Roumanie de présenter les personnes qui l'accompagnent. Les membres de notre comité qui sont présents aujourd'hui sont: le sénateur Bacon, de la province de Québec, le sénateur Corbin, de la province du Nouveau-Brunswick, le sénateur Ottenheimer de Terre-Neuve et Labrador, et le sénateur Bolduc, de la province de Québec. M. Serge Pelletier, notre précieux greffier, est aussi avec nous. Je suis moi-même de la Nouvelle-Écosse.

M. Oliviu Gherman, professeur, Président du Sénat de Roumanie: J'aimerais présenter mes collègues. Le sénateur Gheorghe Secara est membre du Parti de l'unité nationale des Roumains et professeur à l'Institut polytechnique de Brasov. Le sénateur Stefan Popa est plus connu en Roumanie sous son pseudonyme, Augustin Doinas. En sa qualité de poète, il est membre de l'Académie de Roumanie. Il est également membre du parti de l'opposition, le Parti de l'alliance civique. Nous accompagne également le sénateur Constantin Sava, secrétaire général du Sénat et président du Front de Salut national, parti qu'il représente également. Le sénateur Aristotel Adrian Căncescu est membre du Praesidium du Sénat. Tout en étant membre du Parti démocrate, il est également membre d'un groupe de partis appelé Convention démocratique. Mme Dumitrescu est conseillère au ministère des Affaires étrangères du Sénat. M. Fricosu est mon secrétaire personnel.

Je pense que la meilleure façon de procéder consisterait à répondre à vos questions de manière que vous puissiez avoir une idée de notre pays.

Le président: Monsieur le Président, ces dix dernières années, notre comité s'est essentiellement intéressé aux questions commerciales. Nous nous sommes occupés de l'Accord de libre-échange avec les États-Unis d'Amérique, de l'Accord de libre-échange nord-américain, l'ALÉNA, ainsi que du projet de loi sur l'Organisation mondiale du commerce. Nous avons également terminé une étude sur l'avenir de nos relations économiques avec l'Amérique latine. À l'heure actuelle, nous rédigeons un rapport sur les relations du Canada avec l'Europe. Je dirais que ce rapport traite essentiellement de questions commerciales et économiques, mais il s'intéresse également aux questions de sécurité du point de vue du Canada et de l'Europe.

I know you will have issues that you will want to raise, but let me begin by asking if it is part of the thinking in Romania that Romania should become a member of the European Union. Is that something that is in the future, either in the short-term or in the long-term?

Professor Gherman: I will try to answer to that question and, at the same time, I will propose an answer to another question, that of joining NATO. These are important issues.

As you know, on February 1 last year, Romania became an associate member of the European Union. On June 22, we presented our offer to become a full member of the European Union. At the same time we submitted the strategy for transition toward the moment when we will be received. That strategy has been elaborated on by all the political forces in Parliament and also by some scientific authorities, such as the Institute of Research for Economic Development. This proposal for a strategy has been joined in by a statement, which has been signed by all the political parties in the Parliament, expressing our will to join the European Union.

In a poll which took place in December, 92 per cent of the Romanian population expressed its will to join the European Union. What we want is the negotiation to start with no discrimination. Obviously, the final decision will be made when every country perceives that we have reached a sufficiently high standard. We must be realistic. Joining the European Union is a question of economic obligation, of economic behaviour, and of the level of democratic development in our country.

If I may use a metaphor, I see the joining of one country to the European Union like putting together two stones which are rotating at different speeds and which have a different composition. If the rotation speed is quite different and if the composition is quite different there is a real danger that the insufficiently strong stone will be destroyed. Our rotation speed must be must similar to the rotation speed of the stone representing the European Union. At the same time, the qualities of the two stones must be similar.

This is a long process. In the case of Spain and Portugal the process took eight years. However, we are already trying to adjust to the arrival of that moment. We have a Department of European Integration in our government. Our legislative court, which is responsible for future legislation, has in mind the need to coordinate our legislation with that of the legislation of the European Community. We have an explicit program in place in that regard. The subject has been discussed in both chambers of Parliament and the expression of the huge majority of the political forces was positive in this respect.

At the same time, we discussed the prospect of joining NATO. In that regard, a joint meeting of the two Houses was held on the June 5. In that meeting we adopted a decision to send a call to all member states of NATO, asking them to support our decision request membership in NATO. This decision of Parliament was a unanimous one. All parliamentary forces decided to join in that call to all the member states of NATO. We ask them to consider that, in the interest of our country, as well as in the interest of

Je sais que vous voudrez soulever certaines questions, mais permettez-moi tout d'abord de vous demander si la Roumanie songe à devenir membre de l'Union européenne. Votre pays souhaite-t-il adhérer à l'union dans un avenir proche ou éloigné?

M. Gherman: Je vais essayer de répondre à cette question et, en même temps, de répondre à une autre, celle de l'adhésion à l'OTAN. Il s'agit de questions importantes.

Comme vous le savez, le 1^{er} février de l'an passé, la Roumanie est devenue partenaire associé de l'Union européenne. Le 22 juin, nous avons présenté une demande pour devenir membre à part entière de l'Union européenne. En même temps, nous avons présenté une stratégie de transition, laquelle a été élaborée par toutes les forces politiques du Parlement, ainsi que par certaines autorités scientifiques, comme l'Institut de la recherche sur le développement économique. Cette proposition de stratégie est accompagnée d'une déclaration, signée par tous les partis politiques du Parlement, qui exprime notre volonté d'adhérer à l'Union européenne.

Selon les résultats d'un sondage effectué en décembre, 92 p. 100 de la population roumaine souhaite adhérer à l'Union européenne. Nous tenons à ce que les négociations commencent sans discrimination. De toute évidence, la décision finale sera prise, lorsque chaque pays comprendra que nous avons atteint une norme suffisamment élevée. Il faut être réaliste. L'adhésion à l'Union européenne est une question d'obligation économique, de comportement économique et de développement démocratique dans notre pays.

Si je peux faire une métaphore, je dirais que l'adhésion d'un pays à l'Union européenne consiste à réunir deux pierres dont la vitesse de rotation et la composition sont différentes. Si ces différences sont extrêmes, la pierre qui n'est pas suffisamment solide risque fort d'être détruite. Notre vitesse de rotation doit être semblable à celle de la pierre qui représente l'Union européenne. Par ailleurs, les deux pierres doivent présenter les mêmes qualités.

Il s'agit d'un long processus. Dans le cas de l'Espagne et du Portugal, le processus a duré huit ans. Toutefois, nous essayons déjà de nous adapter en prévision de ce moment. Nous avons au sein de notre gouvernement un ministère de l'Intégration européenne. Notre tribunal législatif, responsable des lois futures, est conscient de la nécessité de coordonner nos lois avec celles de la Communauté européenne. Nous avons un programme en place à cet égard. La question a fait l'objet de débats dans les deux Chambres du Parlement et la grande majorité des forces politiques s'est prononcée de façon positive à cet égard.

En même temps, nous avons parlé de notre éventuelle adhésion à l'OTAN. À cet égard, le 5 juin a eu lieu une séance conjointe des deux Chambres au cours de laquelle nous avons décidé de demander à tous les États membres de l'OTAN d'appuyer notre demande d'adhésion. Cette décision du Parlement a été prise à l'unanimité. Toutes les forces parlementaires ont ensemble décidé de faire appel à tous les États membres de l'OTAN. Nous leur demandons de comprendre que, dans l'intérêt de notre pays, ainsi

European and trans-European security, the joining of our country to NATO is essential from our point of view.

We have heard some specific arguments against our position. However, more than two years of a partnership for peace, the results are positive. They were appreciated by all the specialists in NATO at the headquarters in Brussels. On the other side, they acknowledge our logistical advantage. As you know, before 1989, Romania had a military relationship with Federal Republic of Germany and with Israel. We appreciate that the cost to us of joining NATO, as well as the cost to NATO members of this joining, is proportionally smaller in the case of our country.

I will conclude by saying that, in our opinion, we are not only a consumer of security, we are a producer of security due to our military capacity and also due to our geo-strategic position.

We are ready to answer any questions you may have.

Senator Ottenheimer: My question, sir, deals with the internal evolution of the political situation in Romania. Would it be possible for you or one of your colleagues to describe — and I recognize that it must be in summary form — the evolution of your government or power structure since the events of 1989? Perhaps you could also indicate to what extent the present government or power structure reflects a continuity with the National Salvation Front and to what extent are there modifications. Is there continuity or not?

Professor Gherman: I will answer and if any of my colleagues want to complete my answer I will accept their point of view.

As you know, immediately after the revolution the feeling was explosive. After the last 10 to 15 years of dictatorship by Ceausescu, which involved an extraordinary increase of political pressure and an increased feeling of discomfort, the revolution was like an explosion, like a cylinder in which the gas has been under extreme pressure and then the valve is opened. Everything was viewed as being either “black” or “white”. Everything had to be changed completely. University professors were challenged by the students, and there was no respect for even traffic laws. In many instances democracy meant having no constraint.

As you know, in May 1990 we held the first election, when the first government, which was the government of the National Salvation Front, was elected. Between June 28 1990 and September 25, 1991 the government had to deal with two specific incidents relating to minority rights. However, the atmosphere of intolerance, which was specific for that period, has decreased step by step. At that time dialogue was practically impossible even inside the same political party. Having overcome many difficulties, the situation has improved. After two years of being in a vacuum due to the fact that we missed extraordinary opportunities, things have changed and there is a trend towards

que dans celui de la sécurité européenne et trans-européenne, l'adhésion de notre pays à l'OTAN est essentielle de notre point de vue.

Nous avons entendu certains arguments précis contre notre position. Toutefois, après plus de deux ans d'un partenariat pour la paix, les résultats sont positifs et ont été reconnus par tous les spécialistes du quartier général de l'OTAN à Bruxelles. Par ailleurs, ils reconnaissent notre avantage logistique. Comme vous le savez, avant 1989, la Roumanie entretenait des relations militaires avec la République fédérale d'Allemagne et Israël. Nous sommes conscients du coût d'une telle adhésion pour notre pays, coût moins élevé que celui que devront supporter les membres de l'OTAN.

Je terminerai en disant qu'à notre avis, nous ne sommes pas seulement un pays consommateur de sécurité, mais aussi un pays producteur de sécurité, en raison de notre capacité militaire et aussi de notre position géostratégique.

Nous sommes prêts à répondre à toute question que vous aimeriez poser.

Le sénateur Ottenheimer: Ma question, monsieur, porte sur l'évolution interne de la situation politique en Roumanie. Serait-il possible pour vous ou pour l'un de vos collègues de décrire — et je sais que cela doit prendre la forme d'un résumé —, l'évolution de votre gouvernement ou de la structure des pouvoirs depuis les événements de 1989? Peut-être pourriez-vous également indiquer dans quelle mesure le gouvernement actuel ou la structure des pouvoirs reflète une continuité du Front de Salut national et dans quelle mesure des modifications ont été apportées. Y a-t-il continuité ou non?

M. Gherman: Je vais répondre à cette question et si mes collègues souhaitent intervenir, je leur céderai la parole.

Comme vous le savez, tout de suite après la révolution, la situation était explosive. Après les 10 ou 15 dernières années de dictature sous Ceausescu, qui ont donné lieu à des pressions politiques extrêmes et à un sentiment de malaise général, la révolution a été une véritable explosion. Tout était jugé comme «blanc» ou «noir». Il fallait tout changer complètement. Les étudiants mettaient en doute la compétence des professeurs d'université et plus personne ne respectait le code de la route. Dans de nombreux cas, démocratie signifiait absence de toute contrainte.

Comme vous le savez, nous avons tenu nos premières élections en mai 1990 et le premier gouvernement, celui du Front de Salut national, a été élu. Entre le 28 juin 1990 et le 25 septembre 1991, le gouvernement a dû s'occuper de deux incidents particuliers relatifs aux droits des minorités. Toutefois, le climat d'intolérance, propre à cette période, a peu à peu disparu. À cette époque tout dialogue était pratiquement impossible, même au sein du même parti politique. Nous avons surmonté de nombreuses difficultés et la situation s'est améliorée. Après deux années stériles, du fait que nous avons laissé passer des occasions extraordinaires, les choses ont changé et nous tendons vers une stabilisation macro-

macro-economic stabilization. We reduced inflation from more than 300 per cent per year in 1993 to 28 per cent or 29 per cent in 1995.

This trend towards stabilization also affects our political strategy. Government and opposition cooperate in essential decisions. Of course, political rivalry still exists, but when dealing with problems related to the destiny of our country there is a very acceptable unanimity. The feeling of democracy has been increased.

We succeeded in passing the Constitution by referendum on December 8, 1991.

There are three areas of achievement: The first, and most important area, relates to the legislature and the creation of a democratic institution. The second area relates to economic achievements. We started from a very difficult point in 1989 when we were simply precluded from financial activity. The last area has two aspects: one has to do with intolerance but, as I said, this is demonstrating a positive trend, and the other relates to our incapacity to make decisions. For 50 years decisions were taken by somebody who set himself above others, so we lost the ability to make decisions and to be responsible for them. Not only must we learn how to make decisions, we must learn how to transfer the decisions-making power to local authorities. All the political forces have agreed that the new law for local administration and for local elections is a step forward in comparison with the former law.

[Translation]

Senator Bolduc: I had the privilege of going to Romania in May 1973, and I appreciated very much my one-week stay.

I found tremendous agricultural prosperity and I was struck by the land use planning. We took a bus tour from Bucarest to Timisoara and I was very impressed. Subsequently, I understood that the agricultural problem had become somewhat complicated and that it was less prosperous. What is the present situation in comparison to 1973? How has agriculture evolved? Has the system been privatized, as in other countries?

Mr. Gherman: I recognize that you visited us at a very favourable time, because 1973 was an acceptable time in our country's economy. We can say that in the late 1960s and during the 1970s the Romanian economy was very prosperous. But after the Ceaucescu family's tour of China and North Korea, they decided to import the cultural revolution. Things were totally transformed into an absolutely ghastly dictatorship.

We came to have a feeling of fear, not only toward people but toward objects. When I saw a flower, I always wondered if there was a microphone in that flower. The most common feeling in our life was the feeling of fear.

From the agricultural standpoint, the centralization continued until the end of the Ceaucescu era, with increasingly poor results year after year. Immediately after the revolution, the first natural

économique. Nous avons abaissé l'inflation, qui s'élevait à plus de 300 p. 100 par an en 1993, à 28 ou 29 p. 100 en 1995.

Cette tendance vers la stabilisation s'applique également à notre stratégie politique. Le gouvernement et l'opposition coopèrent pour les décisions essentielles. Bien sûr, la rivalité politique existe toujours, mais lorsqu'il s'agit de régler les problèmes relatifs à l'avenir de notre pays, un consensus fort acceptable se dégage. Le sentiment démocratique devient plus répandu.

Nous avons réussi à adopter la Constitution par référendum le 8 décembre 1991.

Nous avons trois domaines de réalisation à notre actif: le premier et le plus important, l'assemblée législative et la création d'une institution démocratique. Le deuxième: l'économie. Nous sommes partis d'une situation très délicate en 1989 où toute activité financière était tout simplement impossible. Le dernier domaine se compose de deux volets: l'un se rapporte à l'intolérance, mais, comme je l'ai dit plus tôt, les choses s'améliorent, et l'autre se rapporte à notre incapacité de prendre des décisions. Pendant 50 ans, les décisions ont été prises par une personne qui s'était placée au-dessus des autres, si bien que nous avons perdu cette capacité de prendre des décisions et d'en assumer la responsabilité. Non seulement devons-nous apprendre à prendre des décisions, mais aussi apprendre à déléguer le pouvoir de prise de décisions aux autorités locales. Toutes les forces politiques ont convenu que la nouvelle loi relative à l'administration et aux élections locales est un progrès par rapport à l'ancienne loi.

[Français]

Le sénateur Bolduc: J'ai eu le privilège d'aller en Roumanie en mai 1973, j'ai beaucoup apprécié mon séjour d'une semaine.

J'ai trouvé formidable la prospérité de l'agriculture et l'aménagement du territoire m'a frappé. Nous avons fait un tour d'autobus de Bucarest jusqu'à Timisoara et j'ai été bien impressionné. Après cela, j'ai compris que le problème agricole s'était compliqué un peu et que c'était moins prospère. Quelle est la situation actuelle par rapport à 1973? Quelle a été l'évolution de l'agriculture? Est-ce que vous avez connu une privatisation du système, comme d'autres pays?

M. Gherman: Je reconnais que vous nous avez visités à un moment très favorable parce que 1973 a été un moment acceptable dans l'économie de notre pays. Nous pouvons dire qu'à la fin des années 1960 et au cours des années 1970, l'économie roumaine était très prospère. Mais, après le tour de la famille Ceaucescu, de la Chine et de la Corée du Nord, ils ont décidé d'importer l'évolution culturelle. Tout cela s'est transformé en une dictature absolument atroce.

Nous en sommes arrivés à un sentiment de crainte, pas seulement envers des personnes, mais envers des objets. Lorsque je voyais une fleur, je me demandais toujours s'il y avait un microphone dans cette fleur. Le sentiment le plus présent dans notre vie a été le sentiment de peur.

Du point de vue agricole, la centralisation a continué jusqu'à la fin de l'époque Ceaucescu, avec des résultats plus mauvais année après année. Immédiatement après la révolution, la première

reaction was to privatize agricultural lands. The privatization law was drawn up in 1991.

This law, which came in response to an absolutely natural demand, resulted in the privatization of more than 85 percent of the agricultural land. We have overcome two major problems. In the first place, privatization resulted in the division of farmlands into millions of small parcels; as a result of this division into excessively small parcels, it was impossible to work the land scientifically. Secondly, the agricultural mechanization was in a state of incredible decline. In the final year of the Ceaucescu regime, the major mechanized farm institutions did not purchase any tractors; everything was sold to pay their debts. We ended up with an incredible situation of declining agricultural production as a result of which we moved from being exporters of agricultural products to becoming importers of agricultural products. This also happened after the First World War, because of this "excessive division" of agricultural lands.

Now there is a natural economic tendency, without the use of force by anyone, to reassemble the agricultural land into large holdings, large agricultural expanses. Members of the same family and friends will associate with each other. This indicates a positive trend in agriculture. However, we have extreme difficulty from the technical standpoint, because agricultural technique is in a very difficult situation.

The other problem is the problem of the chemical substances that are being used because, of course, there is a disproportion between the possibility of selling abroad, at a good price, chemical substances that are at a uniform quality level, as is electrical power, and selling domestically to peasants who are unable to purchase them.

Last year was an excellent crop year, but unfortunately this year will be a very poor one in terms of grain, because the land was covered with snow for more than five months. This was a unique situation in the history of our country. Whatever was sown in the fall was destroyed by a layer of ice that smothered the seedlings. We hope to cover domestic needs, even with the production that was decimated this year, and to have improved production in other agricultural products.

I don't want to hide anything from you. I am not here to present some imaginary things to you.

Senator Bacon: I, too, Mr. President, had the pleasure of visiting your country last fall, at the time of the IPU conference. And, obviously, I did not get to the land of Dracula, because they kept us primarily in Bucarest. But I did manage, nonetheless, to tour the Romanian countryside a bit and to get a few kilometres out of Bucarest just the same. With the good offices of our ambassador, we learned more about your country.

As a former Energy minister in my province, of course, I am always interested in this energy aspect. You spoke earlier about electrical energy in relation to agriculture. Are you nevertheless going to place greater reliance on nuclear energy now, or are you

réaction naturelle fut de privatiser les terres agricoles. La loi de la privatisation a été élaborée en 1991.

Cette loi, qui a répondu à une demande absolument naturelle, est parvenue à privatiser plus de 85 p. 100 des terres agricoles. Nous avons survécu à deux grands problèmes. Premièrement, la privatisation a amené la division des terres agricoles en millions de petites parcelles; il en a résulté une impossibilité de travail scientifique en raison de cette division en trop petites parcelles. Deuxièmement, le système de mécanique agricole était dans un déclin incroyable. A la dernière année du régime de Ceaucescu, les grandes institutions de mécanique agricole n'ont pas acheté un tracteur; tout a été vendu pour payer leurs dettes. Nous en sommes arrivés à une situation incroyable de déclin de la production agricole qui nous a fait devenir, d'exportateurs de produits agricoles que nous étions, importateurs de produits agricoles. Cela s'est passé aussi après la Première Guerre mondiale, à cause de cette «sur-division» de terres agricoles.

Maintenant, il y a une tendance naturelle et économique, sans être forcé par personne, à regrouper le terrain agricole en de grandes propriétés, de grandes étendues agricoles. Nous assistons à l'association de membres d'une même famille, d'amis. Tout cela nous permet de voir une tendance positive dans le domaine de l'agriculture. Cependant, nous avons une difficulté extrême au point de vue de la technique, parce que la technique agricole est dans une situation très difficile.

L'autre problème, c'est le problème des substances chimiques qui sont utilisées, parce que bien sûr, il y a une disproportion entre la possibilité de vente en dehors, à bon prix, des substances chimiques qui sont d'un même niveau de qualité, comme l'énergie électrique, et la vente à l'intérieur à des paysans qui n'ont pas la possibilité de les acheter.

L'année dernière a été une excellente année agricole, malheureusement cette année sera une année, au point de vue des grains, très faible, en raison du fait que les terres ont été couvertes de neige pendant plus de cinq mois. Il s'agit d'une situation unique dans l'histoire de notre pays. Tout ce qui a été semé à l'automne a été détruit par une couche de glace qui a étouffé les plants. Nous espérons couvrir les nécessités intérieures, même avec la production qui a été décimée cette année et avoir une meilleure production dans d'autres domaines de produits agricoles.

Je ne veux rien vous cacher. Je ne suis pas ici pour vous présenter des choses imaginaires

Le sénateur Bacon: J'ai eu moi aussi, monsieur le Président, le plaisir de visiter votre pays à l'automne dernier, au moment de la conférence de l'UIP. Et, évidemment, je ne me suis pas rendue jusqu'au pays de Dracula parce que l'on nous a gardés principalement à Bucarest. Mais j'ai pu, quand même, visiter un peu la campagne roumaine et me rendre à quelques kilomètres de Bucarest. Avec les bons soins de notre ambassadeur, nous en avons appris davantage sur votre pays.

Comme ancienne ministre de l'Énergie dans ma province, évidemment, je suis toujours intéressée par ce côté énergétique. Vous avez parlé tantôt de l'énergie électrique par rapport à l'agriculture. Est-ce que vous allez quand même faire une part

going to maintain a substantial portion of your energy in thermal power? We know that the pollution is not the same. However, with nuclear energy, it is still necessary to have some places for the nuclear wastes, to store the nuclear wastes, or do you also have some possibilities in hydroelectric energy?

Mr. Gherman: I will begin with the last part of your question. Hydraulic power is very limited.

Senator Bacon: Yes.

Mr. Gherman: Very limited. We cannot expect more than one tenth, perhaps, of our electrical power consumption to come from hydraulic power. And, as you know very well, the prime minister of your country participated at the start-up of our nuclear power plant, the first CANDU nuclear power plant, which was built with Canada's assistance. The atomic power plant has a production of 650 megawatts. At the plant it is a marvellous development, beyond the hopes of our specialists, and we have already reached 5 per cent of the plant's rated capacity, and even more than 5 per cent.

We are now completing the second nuclear plant because, as you know very well, in Cernavoda, there are five nuclear units. The second one has been 65 percent completed and we anticipate some assistance from your country in order to continue, about 35 million dollars in assistance to finish the second plant. But, in addition, we are making a domestic effort to complete the things needed to build the plant, the second nuclear plant, and we hope that with your assistance we will be able to complete it by the year 2000, 2001, and get it operating. This is essential because our policy is focussing on nuclear plants, which are essential to the Romanian energy industry because of the fact that, in the first place, natural gas is extremely limited, and petroleum is in very limited supply for use in the thermal plants.

At the same time, the coal has a very low, very poor heating power, which causes some problems in eliminating the ash from these enormous quantities of very low quality coal. We are very interested in pollution because, as you know very well, the thermal power plants, especially those built to use coal, have free radical products and no one knows what this free radical is composed of for several generations. Initially, there was a fear of radioactivity, but it seems to me that the free radicals present the same dangers as radioactivity and when the atomic power plant operates in proper conditions there is no radioactivity as a byproduct. Because of this, our policy is very clearly directed — this is independent of any particular political affiliation, and is accepted by all politicians in Romania — toward nuclear energy and, because of that, we are very interested in developing the second plant and, after that, the three other plants which will be set up at Cernavoda.

Senator Bacon: Thank you.

Senator Corbin: Mr. President, I have not had the pleasure of leaving and travelling to your country.

plus grande au nucléaire, maintenant, ou si vous allez garder une bonne partie de votre énergie en thermique? On sait que la pollution n'est pas la même. Il faut quand même, avec le nucléaire, avoir des endroits pour les déchets nucléaires, stocker les déchets nucléaires, ou est-ce que vous avez aussi quelques possibilités d'énergie hydroélectrique?

M. Gherman: Je vais commencer par la dernière partie de votre question. L'énergie hydraulique est très limitée.

Le sénateur Bacon: Oui.

M. Gherman: Très limitée. Nous ne pouvons pas attendre plus d'un dixième peut-être de notre consommation d'énergie électrique provenant de l'énergie hydraulique. Et, comme vous le savez très bien, le premier ministre de votre pays a participé aux débuts de notre centrale nucléaire, la première centrale nucléaire CANDU, qui a été construite avec l'aide du Canada. La centrale atomique a une production de 650 mégawatts. À la centrale, c'est une évolution merveilleuse, au-dessus de l'espérance de nos spécialistes, et nous sommes arrivés, déjà, à un pouvoir de 5 p. 100 du pouvoir nominal de la centrale et même à plus de 5 p. 100.

Nous sommes en train de terminer la seconde centrale nucléaire parce que, comme vous le savez très bien, à Cernavoda, il y a cinq unités nucléaires. La seconde a été préparée en proportion de 65 p. 100 et nous attendons une certaine aide de la part de votre pays pour continuer, une aide d'environ 35 millions de dollars pour finir la seconde centrale. Mais, nous faisons aussi un effort intérieur pour compléter les choses nécessaires à la construction de la centrale, la seconde centrale nucléaire et nous espérons qu'avec votre aide, nous pourrions la terminer d'ici l'année 2000, 2001, et la mettre en fonction. C'est essentiel parce que notre politique se tourne vers la centrale nucléaire qui est essentielle à l'énergie roumaine à cause du fait que, premièrement, le gaz naturel est très limité, et le pétrole aussi est très limité pour l'utiliser dans les centrales thermiques.

En même temps, le charbon a une qualité à très bas pouvoir calorifique, très mauvais, ce qui produit des difficultés à se débarrasser de la cendre de ces quantités énormes de charbon de qualité très faible. Nous sommes très intéressés par la pollution parce que, comme vous le savez très bien, les centrales thermiques, surtout celles bâties avec du charbon, ont des produits de radical libre et personne ne sait de quoi se compose ce radical libre pendant quelques générations. Initialement, cela a été une crainte de la radioactivité, mais il me semble que les radicaux libres présentent les mêmes dangers que la radioactivité et quand la centrale atomique fonctionne dans de bonnes conditions, il n'y a aucune radioactivité comme produits supplémentaires. À cause de cela, notre politique se dirige très clairement, et cela ne dépend pas d'une certaine couleur politique, mais c'est une question acceptée par toute la classe politique en Roumanie, vers une énergie nucléaire et, à cause de cela, nous sommes très intéressés à développer la seconde centrale et, après cela, les trois autres centrales qui seront mises en oeuvre à Cernavoda.

Le sénateur Bacon: Merci.

Le sénateur Corbin: Monsieur le Président, je n'ai pas eu le plaisir de me déplacer et de voyager chez vous.

Mr. Gherman: It is not too late, we are expecting you.

Senator Corbin: I make a special point of getting some information before meeting with eminent persons such as you. This morning, browsing through the few pages devoted to Romania in the *Quid*, which is a sort of encyclopaedic reference manual produced by France, I noted that you have a constitutional provision that is extremely interesting, in my opinion. In Canada we have the composition, if I may so put it, the following ethnic composition, with at the bottom the aboriginal people, the so-called founding peoples, the French, the English, and all those who have arrived here as immigrants.

I note that you have a provision that automatically guarantees, if I read rightly, 13 seats to the national minorities.

Mr. Gherman: To stable national minorities.

Senator Corbin: Stable? Can you explain this situation to me? Are these seats guaranteed in the Assembly and the Senate or only in the Assembly?

Mr. Gherman: No, only in the Assembly. It is a guarantee because, when we drew up the Constitution, we felt that some ethnic groups might be placed at a disadvantage by the fact that they do not have the power to elect a representative in the Chamber of Deputies themselves.

We have, for example, the Turks, the Tatars, the Italians, the Czechs, the Slovaks, the Serbs, who are minorities who are very well connected to the social life, the economic life of our country. We felt, when drawing up the Constitution, that these minorities might not be able to participate in parliamentary activity. And for that reason, we provided that article in our Constitution, and it is adhered to.

In the Chamber of Deputies, there is a minorities parliamentary group, which is different from the Hungarian minority, which itself has a parliamentary group in the Chamber of Deputies and the Senate. This national minorities group is of great importance because when we discuss, for example, the budget, it always presents its views on encouraging minority schools and we have some schools of different degrees that depend on the number of the respective minority.

We have, for example, the elementary school. We also have secondary schools for some minorities and, for the Hungarian minority, we have some sections in the university in all subjects that guarantee the preservation of the culture, language and traditions. We have an Hungarian section in the Conservatory. We have an Hungarian opera at Cluj, we have German theatres, Hungarian theatres. And this is guaranteed by the Constitution, that's true!

Senator Corbin: Thank you very much, Mr. President, and please excuse me, as the Chairman, Senator Stewart was saying, I have to chair another meeting.

Mr. Gherman: We are very pleased to have had this opportunity, and to invite you to see what is happening.

Senator Corbin: Thank you very much.

M. Gherman: Ce n'est pas trop tard, nous vous attendons.

Le sénateur Corbin: Je tiens surtout à me renseigner avant de rencontrer des personnes éminentes telles que vous-même. En parcourant, ce matin, les quelques pages consacrées à la Roumanie dans le *Quid*, qui est un espèce de *vade mecum* encyclopédique produit par la France, j'ai constaté que vous avez une disposition constitutionnelle qui me semble des plus intéressantes. Nous avons au Canada la composition, si je peux m'exprimer ainsi, la composition ethnique suivante, avec, à la base, les peuples aborigènes, les soi-disant peuples fondateurs, les Français, les Anglais, et tous ceux qui se sont amenés chez nous sous forme d'immigrants.

Je constate que vous avez une disposition qui garantit automatiquement, si j'ai bien lu, 13 sièges aux minorités nationales.

M. Gherman: Aux minorités nationales «stables».

Le sénateur Corbin: «Stables»? Pouvez-vous m'expliquer cette situation? Ces sièges sont garantis à l'assemblée et au Sénat ou uniquement à l'assemblée?

M. Gherman: Non, seulement à l'assemblée. C'est une garantie parce que, quand nous avons élaboré la Constitution, nous avons senti que quelques ethnies pourraient être désavantagées par le fait qu'elles n'ont pas le pouvoir d'élire elles-mêmes un représentant à la Chambre des députés.

Nous avons, par exemple, les Turcs, les Tartares, les Italiens, les Tchèques, les Slovaques, les Serbes, qui sont des minorités qui sont très bien couplées dans la vie sociale, dans la vie économique de notre pays. Nous avons senti, pendant l'élaboration de la Constitution, que ces minorités ne pouvaient pas ne pas participer à l'activité du Parlement. Et en raison de cela, nous avons prévu cet article dans notre Constitution, et il est respecté.

À la Chambre des députés, il y a un groupe parlementaire de minorités qui est différent de la minorité hongroise qui a, elle-même, un groupe parlementaire à la Chambre des députés et au Sénat. Ce groupe de minorités nationales a une très grande importance parce que quand nous discutons, par exemple, du budget, il présente toujours son point de vue sur l'encouragement à l'école minoritaire et nous avons des écoles de différents degrés qui dépendent du nombre de la minorité respective.

Nous avons, par exemple, l'école primaire. Nous avons aussi des lycées pour quelques minorités et, pour la minorité hongroise, nous avons des sections à l'université pour tous les domaines qui garantissent la conservation de la culture, de la langue et des traditions. Nous avons une section hongroise pour le conservatoire. Nous avons un opéra hongrois à Cluj, nous avons des théâtres allemands, des théâtres hongrois. Et c'est garanti par la Constitution, c'est vrai!

Le sénateur Corbin : Merci beaucoup, monsieur le Président et je vous prie de m'excuser, comme le disait le président, le sénateur Stewart, il faut que j'aille présider une autre réunion.

M. Gherman : Nous sommes très contents d'avoir eu cette possibilité et de vous inviter à voir ce qui se passe.

Le sénateur Corbin : Merci bien.

[English]

The Chairman: Perhaps there are questions members of your group would wish to direct to us.

Professor Gherman: Although our group is representative of both the government party and the opposition parties, we appear before you as a cohesive group.

[Translation]

Mr. Stefan Popa, Senator: I visited Canada almost 20 years ago. I was invited to Montreal, to a national writers' symposium. At that time I made the acquaintance of many Quebecers. I knew that at that time the separatist movement was beginning. I know the result, we noted the defeat of the separatists, but, some time ago now, a new consultation was held and the result, from what I know, was very close. The separatists and *intégristes* are virtually tied in so far as their options are concerned. If you will allow me, I would like to know now what the situation is from this standpoint.

[English]

The Chairman: We have here today two senators from Quebec; Senator Bolduc, who is a member of the opposition party in the Senate, and Senator Bacon who supports the government in the Senate. I will turn to both of them in the event that they will express somewhat different viewpoints on this. Senator Bacon, perhaps you would lead off.

[Translation]

Senator Bacon: My comment will no doubt be coloured somewhat by partisanship, one cannot leave that behind, I think. It is true that the Parti Québécois government has been in office since September 1994. There was of course the referendum, which resulted in this close outcome, as you well know. Except that it does not appear that the present government, the Parti Québécois government, is respecting this nonetheless democratic result. The people expressed themselves. The result was close, but there was nevertheless an expression of opinions.

So it was decided, on behalf of the Parti Québécois, to again prepare for another referendum. There has been, I don't know if you are aware, a change in premiers. Mr. Parizeau, who was the Parti Québécois premier, left, and Mr. Bouchard, who was leader of the Bloc Québécois party in Ottawa, went to Québec to take up the position of premier. He said in New York, recently, that there would not be a referendum for three years. But he often changes his mind, in front of business people it helps to say there will not be a referendum for three years. He is a fairly emotional man who often, as a matter of fact, changes his way of seeing things.

Previously, he had said he would have quick elections, a few weeks earlier. So everyone is somewhat on tenterhooks. Obviously, for the other provinces of Canada, this creates a rather unpleasant situation. And you have to understand them, they've been hearing about separation for 20 years. It doesn't happen, people express themselves and it doesn't happen, because the people don't express a firm desire to do it. And we will have to continue explaining to the people that a federal government is

[Traduction]

Le président: Peut-être des membres de votre groupe souhaiteraient-ils nous poser des questions.

M. Gherman: Bien que notre groupe soit représentatif du parti du gouvernement et des partis d'opposition, c'est un groupe uni.

[Français]

M. Stefan Popa, sénateur: J'ai visité il y a presque 20 ans le Canada. J'ai été invité, à Montréal, à un colloque national des écrivains. À cette occasion, j'ai connu beaucoup de Québécois. Je savais qu'à ce moment, il y avait le début du mouvement séparatiste. Je connais le résultat, on a constaté la défaite des séparatistes, mais, il y a quelque temps maintenant, une nouvelle consultation s'est tenue et le résultat, d'après ce que je sais, a été très serré. Les séparatistes et les intégristes sont presque au même niveau en ce qui concerne leur option. Si vous me le permettez, je voudrais connaître maintenant quelle est la situation de ce point de vue.

[Traduction]

Le président: Nous avons aujourd'hui parmi nous deux sénateurs du Québec: le sénateur Bolduc, membre du parti de l'opposition au Sénat, et le sénateur Bacon qui appuie le gouvernement au Sénat. Je vais leur céder la parole à tous les deux au cas où ils auraient un point de vue différent à cet égard. Madame le sénateur Bacon, peut-être pourriez-vous commencer.

[Français]

Le sénateur Bacon: Mon commentaire sera sûrement un peu teinté de partisanerie, on ne peut pas, je pense, l'oublier. Il est vrai que le gouvernement du Parti québécois est au pouvoir depuis septembre 1994. Il y a eu évidemment le référendum qui a donné ce résultat serré, comme vous le savez bien. Sauf qu'il ne semble pas que le gouvernement actuel, le gouvernement du Parti québécois, respecte ce résultat quand même démocratique. Les gens se sont exprimés. Le résultat fut serré, mais il y a quand même eu une expression d'opinions.

Donc on a décidé, au nom du Parti québécois, de préparer à nouveau un autre référendum. Il y a eu, je ne sais si vous êtes au courant, un changement de premier ministre. M. Parizeau, qui était premier ministre du Parti québécois, a démissionné, et monsieur Bouchard, qui était chef du parti du Bloc québécois à Ottawa, s'est rendu au Québec pour occuper le poste de premier ministre. Il a dit à New York, récemment, qu'il n'y aurait pas de référendum avant trois ans. Mais il change souvent d'idée, devant les gens d'affaires, cela facilite les choses de dire qu'il n'y aura pas de référendum avant trois ans. C'est un homme assez émotif qui change souvent, justement, sa façon de voir les choses.

Précédemment, il avait dit qu'il ferait des élections rapides, quelques semaines auparavant. Donc, tout le monde est un peu sur le qui-vive. Il est évident que pour les autres provinces du Canada, cela crée une situation assez déplaisante. Et il faut les comprendre, cela fait 20 ans qu'on entend parler de séparation. Elle ne se fait pas, les gens s'expriment et elle n'arrive pas, parce que les gens n'expriment pas une volonté ferme de la faire. Et il va falloir continuer d'expliquer à la population qu'un gouvernement fédéral

important, that a federal government can even protect this same people in many fields, and that is what we intend to do.

Mr. Chrétien, Canada's prime minister, said recently that he would try to settle the problems one-at-a-time. There is a federal-provincial conference, on the weekend, with the various provincial premiers and the Canadian prime minister. Mr. Bouchard will be there. He had said earlier that he would not go and now he says he will be present. He does not want to discuss the Constitution, he wants to discuss mainly the economy or a transfer of powers from the federal government. The federal government is taking some huge steps in favour of the provinces, which can help strengthen the Canadian federation. But this creates a climate that is not easy to experience for someone who rejects Quebec's separation. And I am one of those. Obviously, if someone from the Parti Québécois were to come and tell you that it will be paradise after separation, I will not believe him. When you think about the increasing integration the Europeans want to bring about, this is not a time for separating countries or breaking up a country. My adherence to Canada is very strong as a Quebecer, and that does not make me any less a Quebecer. So I think, if I may be very personal, that many Quebecers think as I do.

Mr. Gherman: Thank you, Mr. Chairman.

Senator Bacon: I was Minister of Culture. I appreciate your talents as a writer, which we described earlier.

Senator Bolduc: The vote was close. That's true, but the polls have consistently indicated that at least 65 to 70 percent of Quebecers are basically moderate federalists, that is, relatively moderate nationalists. They are therefore federalists and they want to stay in Canada. The question that was put to the Quebecers is the following: do you want to be sovereign, but at the same time have an economic union with Canada? Of course, if you put the question to people in that way, the people will vote for the ideal. Many people were saying: we're going to vote for sovereignty, but, basically, it will be just for the sake of arguing with Ottawa. It will provide a basis for negotiations or additional pressure.

There are many moderate nationalists who are federalists and who voted sovereigntist.

That is why, at first glance, I hope the federal government will present the provinces with proposals that can win the support of this group of people, which is sizeable, because in my opinion, perhaps 25 percent, not more, are hard-and-fast separatists.

Mr. Popa: Not more.

Senator Bolduc: There is another group that represents 30 or 40 percent of the people who want a bit more decentralization than there is in the present system in Canada. It should be understood that in Quebec, while we want more decentralization, as in Alberta or British Columbia, while the people in the Maritimes do not want it so much, this also leads to a sort of equilibrium. The federal government cannot only take account of Québec. It has to take account of the others. This is a fact.

est important, qu'un gouvernement fédéral peut même protéger cette même population dans beaucoup de domaines, et c'est ce que nous avons l'intention de faire.

M. Chrétien, le premier ministre du Canada, a dit récemment qu'il essaierait de régler les problèmes un à un. Il y a une conférence fédérale-provinciale, en fin de semaine, avec les différents premiers ministres des provinces et le premier ministre du Canada. M. Bouchard sera de la partie. Il avait dit, précédemment, qu'il n'irait pas et maintenant il dit qu'il va être présent. Il ne veut pas discuter de Constitution, il veut discuter surtout d'économie ou de transfert de pouvoirs du gouvernement fédéral. Il y a des pas énormes qui sont faits par le gouvernement fédéral en faveur des provinces, ce qui peut aider à consolider la fédération canadienne. Mais cela crée un climat qui n'est pas facile à vivre pour celui qui refuse la séparation du Québec. Et j'en suis. Il est évident que si quelqu'un du Parti québécois venait vous dire que ce sera le paradis après la séparation, je ne le croirai pas. Quand on pense au regroupement européen qui veut se faire, l'ère n'est pas à la séparation des pays et au morcellement d'un pays. Mon appartenance au Canada est très forte comme Québécoise et cela ne fait pas de moi une moins bonne Québécoise. Alors, je pense que, pour être très personnelle, beaucoup de Québécois pensent comme moi.

M. Gherman: Je vous remercie, monsieur le président.

Le sénateur Bacon: J'ai été ministre de la Culture. J'apprécie vos talents d'écrivain que nous avons décrits tout à l'heure.

Le sénateur Bolduc: Le vote a été serré. C'est vrai, mais les sondages ont toujours indiqué qu'il y a au moins 65 à 70 p. 100 des Québécois qui sont au fond des fédéralistes modérés, c'est-à-dire des nationalistes plutôt modérés. Ils sont donc fédéralistes et ils veulent rester au Canada. La question qui a été posée aux Québécois est la suivante: est-ce que vous voulez être souverains, mais en même temps avoir une union économique avec le Canada? Il est bien sûr que si vous demandez la question aux gens de cette façon, les gens vont voter pour l'idéal. Beaucoup de gens disaient: on va voter pour la souveraineté, mais, dans le fond, cela sera juste pour argumenter avec Ottawa. Cela va donner une base de négociations ou de pressions additionnelles.

Il y a beaucoup de nationalistes modérés qui sont fédéralistes et qui ont voté souverainiste.

C'est pour cela que, de prime abord, j'espère que le gouvernement fédéral va présenter aux provinces des propositions susceptibles de rallier ce groupe de gens qui est important, parce qu'à mon avis, des séparatistes purs et durs, il y en a peut-être 25 p. 100, pas plus.

M. Popa: Pas plus.

Le sénateur Bolduc: Il y a un autre groupe qui représente 30 ou 40 p. 100 de gens qui, eux, veulent un peu plus de décentralisation qu'il n'y en a dans le régime canadien actuel. Il faut comprendre qu'au Québec, si nous voulons plus de décentralisation, tout comme en Alberta ou en Colombie-Britannique, bien que les gens des Maritimes n'en veulent pas tellement, cela amène une sorte d'équilibre aussi. Le gouvernement fédéral ne peut pas tenir compte uniquement de Québec. Il faut qu'il tienne compte des autres. Cela est vrai.

The issue is whether we are going to create conditions sufficiently attractive to Quebecers that they will remain in the confederation, which in my opinion would be ideal from every point of view, both economically and politically.

I think Canada is a country that has been an extraordinary success for 125 years. There are no good objective arguments against or for separation. There are none, except that Quebecers, when they are speaking extremely emotionally, will say, "Well, we're a people, we French-Canadians — because it's not certain when we say a people whom we are referring to — but we are a people, so we want a country."

There is a sort of latent and even disquieting ethnocentrism underneath this, such that there are many Quebecers who do not speak out and will not say what I am saying, but who will feel it. I think there is lots of room for the federal government to make some reasonable proposals.

We already have a system with five or six sectors in the Canadian federation, in which the powers are not the same pretty well everywhere in Canada.

Take security, for example. Security is handled by the RCMP, but in the province of Quebec and Ontario, it is the provincial police who handle most of the things. The RCMP intervenes only on questions involving drugs and terrorism and things like that.

In the western provinces, there is an old tradition in which the police, which we call the "mounted police", the Royal Canadian Mounted Police, played a very important role in the development of the country, so they act not only as a federal police but also as a provincial police and even a municipal police force in some cases. That is one situation.

In the area of loans and bursaries for university students, this is a situation in which Quebec has its own program. The other provinces decided there would be a Canadian program for them. There is no problem with that. It works very well.

In immigration, we also have some special powers in the province of Quebec. We exercise them in our own way, perhaps well, perhaps poorly, but in any case it works. There is no dispute between the federal and the provincial governments, so it is possible for these things to exist while having a country that, for the most part, is kept together. In the area of the economic union and in some forms of the social union, it is possible to do that. A federation is supposed to be relatively flexible in order to adapt to such problems, which are, when all is said and done, minor.

If we were in China or Indonesia, people would not see any problems in our arrangement. With us, it is something of a national sport; it is almost cultural among Quebecers to feel sorry for themselves.

Mr. Popa: Thank you, Mr. Chairman.

C'est une question de savoir si nous allons créer des conditions assez attrayantes aux Québécois pour qu'ils demeurent dans la confédération ce qui, à mon avis, serait idéal à tous les points de vue, autant au point de vue économique qu'au point de vue politique.

Je pense que le Canada est un pays qui a été une réussite extraordinaire depuis 125 ans. Il n'y a pas de bons arguments objectifs contre ou pour la séparation. Il n'y en a pas, sauf que les Québécois, sous un discours très émotif, se font dire: «Nous sommes un peuple, nous les Canadiens-français — parce que ce n'est pas sûr quand nous disons un peuple de qui nous voulons parler — mais nous sommes un peuple, donc nous voulons un pays.»

Il y a une sorte d'ethnocentrisme latent et même inquiétant en-dessous de cela, de sorte qu'il y a beaucoup de Québécois qui ne s'expriment pas et qui ne diront pas ce que je dis, mais qui vont ressentir cela. Je pense qu'il y a parfaitement moyen pour le gouvernement fédéral de faire des propositions raisonnables.

Nous avons déjà un régime qui a cinq ou six secteurs dans la fédération canadienne où les pouvoirs ne sont pas les mêmes un peu partout au Canada.

Prenons comme exemple la sécurité. La sécurité est assurée par la GRC, mais dans la province de Québec et en Ontario, c'est la police provinciale qui s'occupe de la majorité des choses. La GRC n'intervient que pour les questions de drogue et de terrorisme et des choses comme cela.

Dans les provinces de l'Ouest, il y a une vieille tradition où la police que nous appelons ici la «police montée», la Gendarmerie royale du Canada, a joué un rôle très important dans le développement du pays de sorte qu'elle joue des rôles non seulement de police fédérale mais aussi de police provinciale et même de police municipale dans certains cas. C'est une situation.

Dans le domaine des prêts et bourses aux étudiants universitaires, c'est une situation où le Québec a son propre régime. Les autres provinces ont décidé qu'il y aurait un régime canadien pour eux. Il n'y a pas de problème avec cela. Cela va très bien.

En immigration, nous avons aussi dans la province de Québec des pouvoirs particuliers. Nous les exerçons à notre façon, peut-être bien, peut-être mal, mais en tout les cas, cela marche. Il n'y a pas de débat entre le fédéral et le provincial de sorte qu'il est possible que ces choses existent tout en ayant un pays qui, pour l'essentiel, se maintient ensemble. Dans le domaine de l'union économique et puis dans certaines formes de l'union sociale, il est possible de faire cela. Une fédération est supposée être relativement flexible pour s'adapter à ces problèmes qui sont somme toute mineurs.

Si nous étions en Chine ou en Indonésie, la population ne verrait pas de problèmes dans notre affaire. Chez nous, c'est une sorte de sport national; c'est presque culturel chez les Québécois que de se lamenter.

M. Popa: Je vous remercie, monsieur le président.

Mr. Gherman: Owing to the fact that we are very pressed for time, I would like to inform you of two things that are perhaps important to you. Concerning the bilateral treaty with Hungary, the situation is well on its way. Next week, I hope the group can reach a consensus because things are well on their way, with the exception of one very small item. How can one introduce or not introduce a recommendation of the Council of Europe? All the other items have already been accepted on both sides.

The negotiations with Ukraine are coming along well. There are two issues, including the more or less historical issue of making a certain reference in the treaty to the Ribbentrop-Molotov pact, of course. There is some reservation on the part of Ukraine about making a certain historical reference to that pact and some other very ad hoc legal issues concerning the territories aspects. We hope to arrive at an acceptable situation. Thank you for this very brief comment.

[English]

The Chairman: How many people who would be called Hungarians live in Romania? Perhaps you could assist me by reference to the map attached to your brief.

Professor Gherman: The area in the centre of Transylvania is the area most populated by Hungarians. Official statistics show about 500,000 to 600,000 Hungarians in a population of 23 million, that is, 7 per cent.

We also have a substantial population of Gypsies, stable Gypsies, who originally lived near villages or towns, who declare themselves to be either Hungarians or Romanians depending on the majority in that village or town. Only about 400,000 people declare themselves to be Gypsies. There are those who, before 1980, were nomads and who were forced to establish their domicile by decree of Ceausescu. Those people never integrated themselves into their local communities. They retain their nomadic style and attitude towards living. The greatest conflicts which occur between them and the rest of the population is not between them and Romanian, or them and Hungarian, but between them and the more stable Gypsies who consider themselves Romanian or Hungarian.

The Chairman: We certainly have enjoyed every minute of our meeting. We have had a good exchange. We do appreciate your appearance before our committee, and we hope that the relationship between your country and ours will continue to flourish and prosper.

Professor Gherman: I think that after your next visit to Romania you will change your opinion about the realities of our country.

It is a great honour for me to present you with anniversary medal of our Senate. On December 6, 1994 our Senate celebrated its one 110th anniversary. It is a great honour for me to present that medal to you.

M. Gherman: Dû au fait que nous sommes très pressés par le temps, j'aimerais vous informer de deux choses qui sont peut-être importantes pour vous. Concernant le traité bilatéral avec la Hongrie, la situation est très avancée. La semaine prochaine, j'espère que le groupe pourra arriver à un consensus parce que les choses sont très avancées, à l'exception d'une toute petite chose. Comment peut-on introduire ou ne pas introduire une recommandation du Conseil de l'Europe? Toutes les autres choses ont été déjà acceptées de part et d'autre.

Les négociations avec l'Ukraine sont avancées. Il y a deux questions, dont la question plus ou moins historique de faire dans le traité un certain à-propos au pacte Ribbentrop-Molotov, bien sûr. Il y a une réserve, de la part de l'Ukraine, pour faire une certaine référence historique à ce pacte et à quelques autres questions juridiques très ponctuelles concernant les aspects de territoires. Nous espérons en arriver à une situation acceptable. Je vous remercie de cette toute petite intervention.

[Traduction]

Le président: Combien de Hongrois vivent en Roumanie? Peut-être pourriez-vous m'aider en vous reportant à la carte annexée à votre mémoire.

M. Gherman: La région la plus peuplée par des Hongrois est située au centre de la Transylvanie. D'après les statistiques officielles, sur une population de 23 millions d'habitants, on dénombre de 500 000 à 600 000 Hongrois, soit 7 p. 100 de la population.

Nous avons également une population importante de Tziganes, qui sont sédentaires, qui à l'origine vivaient près des villages et des villes et qui se déclarent soit hongrois, soit roumains, selon la majorité de ces villages ou villes. Seulement 400 000 personnes se déclarent Tziganes. Il s'agit de ceux qui, avant 1980, étaient des nomades et qui ont été forcés de se fixer, par un décret pris par Ceausescu. Ces gens-là ne se sont jamais intégrés dans leur collectivité locale. Ils conservent leur mode de vie nomade. Les plus grands conflits qui se produisent entre eux et le reste de la population ne se produisent pas entre eux et les Roumains ou entre eux et les Hongrois, mais entre eux et les Tziganes plus stables qui se considèrent roumains ou hongrois.

Le président: Nous sommes certainement heureux de cette rencontre au cours de laquelle nous avons eu de bons échanges. Nous vous remercions de votre comparution devant notre comité et espérons que les relations entre votre pays et le nôtre continueront à fructifier et à prospérer.

M. Gherman: Je crois qu'après votre prochaine visite en Roumanie, vous changerez d'avis au sujet des réalités de notre pays.

J'ai le grand honneur de vous présenter la médaille anniversaire de notre Sénat. Le 6 décembre 1994, notre Sénat a célébré son 110^e anniversaire. C'est un grand honneur pour moi que de vous présenter cette médaille.

The Chairman: Thank you very much. Your Senate is three years older than our Senate in that we date from 1887. You are our seniors.

The committee adjourned.

Le président: Merci beaucoup. Votre Sénat a trois ans de plus que le nôtre, lequel remonte à 1887. Vous êtes nos aînés.

La séance est levée.



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Second Session
Thirty-fifth Parliament, 1996

SENATE OF CANADA

*Proceedings of the Standing
Senate Committee on*

Foreign Affairs

Chairman:
The Honourable JOHN B. STEWART

Wednesday, June 12, 1996

Thursday, June 13, 1996

Tuesday, June 18, 1996

Wednesday, June 19, 1996

Thursday, June 20, 1996

Issue No. 7

Fourth, Fifth, Sixth, Seventh and Eighth and last Proceedings on:

Examination and reporting on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the European Union for the economic, political and defence relations between Canada and Europe.

INCLUDING:

THE SECOND REPORT OF THE COMMITTEE:
EUROPEAN INTEGRATION:
THE IMPLICATIONS FOR CANADA

Deuxième session de la
trente-cinquième législature, 1996

SÉNAT DU CANADA

*Délibérations du comité
sénatorial permanent des*

Affaires étrangères

Président:
L'honorable JOHN B. STEWART

Le mercredi 12 juin 1996

Le jeudi 13 juin 1996

Le mardi 18 juin 1996

Le mercredi 19 juin 1996

Le jeudi 20 juin 1996

Fascicule n° 7

Quatrième, cinquième, sixième, septième, huitième et dernières réunions concernant:

Examiner et faire rapport des répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres, et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe.

Y COMPRIS:

LE DEUXIÈME RAPPORT DU COMITÉ:
L'INTÉGRATION EUROPÉENNE:
SON IMPORTANCE POUR LE CANADA



THE STANDING SENATE COMMITTEE ON
FOREIGN AFFAIRS

The Honourable John B. Stewart, *Chairman*

The Honourable Pat Carney, P.C. *Deputy Chair*

and

The Honourable Senators:

Andreychuk	Kelleher
Bacon	* Lynch-Staunton
Bolduc	(or Berntson)
Corbin	MacEachen, P.C.
* Fairbairn, P.C. (or Graham)	Ottenheimer
Gauthier	Stollery
Grafstein	

* *Ex Officio Members*

(Quorum 4)

LE COMITÉ SÉNATORIAL PERMANENT DES
AFFAIRES ÉTRANGÈRES

Président: L'honorable John B. Stewart

Vice-présidente: L'honorable Pat Carney, c.p.

et

Les honorables sénateurs:

Andreychuk	Kelleher
Bacon	* Lynch-Staunton
Bolduc	(or Berntson)
Corbin	MacEachen, c.p.
* Fairbairn, c.p. (ou Graham)	Ottenheimer
Gauthier	Stollery
Grafstein	

* *Membres d'office*

(Quorum 4)

MINUTES OF PROCEEDINGS

OTTAWA, Wednesday, June 12, 1996

(8)

[Translation]

The Standing Senate Committee on Foreign Affairs met this day *in camera* at 3:25 p.m. in Room 256-S of the Centre Block, the Chairman, the Honourable John B. Stewart, presiding.

Members of the committee present: The Honourable Senators Andreychuk, Bolduc, Corbin, Grafstein, Kelleher, MacEachen, Stewart and Stollery. (8)

Also present: From the Research Branch of the Library of Parliament: Mr. Anthony Chapman, Economics Division.

In attendance: The official reporters of the Senate.

Pursuant to its order of reference of Wednesday, February 28, 1996, the Committee proceeded with the examination and reporting on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the European Union for economic, political, and defence relations between Canada and Europe. (*See Committee proceedings of February 28, 1996, Issue No. 1*)

The Committee considered chapters 1, 2 and 3 of the draft report.

At 5:15 p.m., the committee adjourned to the call of the Chair.

ATTEST:

Le greffier du comité,

Serge Pelletier

Clerk of the Committee

OTTAWA, Thursday, June 13, 1996

(9)

The Standing Senate Committee on Foreign Affairs met this day *in camera* at 12:15 p.m. in Room 505 of the Victoria Building, the Chairman, the Honourable John B. Stewart, presiding.

Members of the committee present: The Honourable Senators Andreychuk, Bacon, Bolduc, Grafstein, Stewart and Stollery. (6)

Also present: From the Research Branch of the Library of Parliament: Mr. Anthony Chapman, Economics Division.

Pursuant to its order of reference of Wednesday, February 28, 1996, the Committee proceeded with its examination and reporting on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the European Union for economic, political, and defence relations between Canada and Europe. (*See Committee proceedings of February 28, 1996, Issue No. 1*)

PROCÈS-VERBAL

OTTAWA, le mercredi 12 juin 1996

(8)

[Français]

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui à huis clos, à 15 h 25, dans la pièce 256-S de l'édifice du Centre, sous la présidence de l'honorable John B. Stewart (*président*).

Membres du comité présents: Les honorables sénateurs Andreychuk, Bolduc, Corbin, Grafstein, Kelleher, MacEachen, Stewart et Stollery. (8)

Également présent: Du Service de recherche de la Bibliothèque du Parlement: M. Anthony Chapman, Division de l'économie.

Aussi présents: Les sténographes officiels du Sénat.

Conformément à son ordre de renvoi du mercredi 28 février 1996, le comité considère l'examen, pour en faire rapport, des répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe. (*Voir les Délibérations du comité du 28 février 1996, fascicule n° 1*)

Le comité considère les chapitres 1, 2 et 3 du projet de rapport.

À 17 h 15, le comité s'ajourne jusqu'à nouvelle convocation de la présidence.

ATTESTÉ:

OTTAWA, le jeudi 13 juin 1996

(9)

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui à huis clos, à 12 h 15, dans la pièce 505 de l'édifice Victoria, sous la présidence de l'honorable John B. Stewart (*président*).

Membres du comité présents: Les honorables sénateurs Andreychuk, Bacon, Bolduc, Grafstein, Stewart et Stollery. (6)

Également présent: Du Service de recherche de la Bibliothèque du Parlement: M. Anthony Chapman, Division de l'économie.

Conformément à son ordre de renvoi du mercredi 28 février 1996, le comité considère l'examen, pour en faire rapport, des répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe. (*Voir les Délibérations du comité du 28 février 1996, fascicule n° 1*)

The Committee considered chapters 4 and 5 of the draft report.
At 1:39 p.m., the committee adjourned to the call of the Chair.

ATTEST:

Le comité considère les chapitres 4 et 5 du projet de rapport.
À 13 h 39, le comité s'ajourne jusqu'à nouvelle convocation de la présidence.

ATTESTÉ:

La greffière intérimaire du comité,

Jill Anne Pickard

Acting Clerk of the Committee

OTTAWA, Tuesday, June 18, 1996

(11)

The Standing Senate Committee on Foreign Affairs met this day *in camera* at 4:02 p.m. in Room 256-S of the Centre Block, the Chairman, the Honourable John B. Stewart, presiding.

Members of the committee present: The Honourable Senators Andreychuk, Bolduc, Carney, Corbin, Grafstein, Kelleher, MacEachen, Stewart and Stollery. (9)

Also present: From the Research Branch of the Library of Parliament: Mr. Anthony Chapman, Economics Division.

Pursuant to its order of reference of Wednesday, February 28, 1996, the Committee proceeded with its examination and reporting on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the European Union for economic, political, and defence relations between Canada and Europe. (*See Committee proceedings of February 28, 1996, Issue No. 1*)

The Committee considered chapters 6 and 7 of the draft report and discussed future business.

At 4:25 p.m., the Committee adjourned for a vote in the Senate.

At 4:44 p.m., the Committee reconvened.

At 6:15 p.m., the committee adjourned until 3:15 p.m. on Wednesday, June 19, 1996.

ATTEST:

Le greffier du comité,

Serge Pelletier

Clerk of the Committee

OTTAWA, Wednesday, June 19, 1996

(12)

The Standing Senate Committee on Foreign Affairs met this day *in camera* at 5:03 p.m. in Room 256-S of the Centre Block, the Chairman, the Honourable John B. Stewart, presiding.

OTTAWA, le mardi 18 juin 1996

(11)

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui à huis clos, à 16 h 02, dans la pièce 256-S de l'édifice du Centre, sous la présidence de l'honorable John B. Stewart (*président*).

Membres du comité présents: Les honorables sénateurs Andreychuk, Bolduc, Carney, Corbin, Grafstein, Kelleher, MacEachen, Stewart et Stollery. (9)

Également présent: Du Service de recherche de la Bibliothèque du Parlement: M. Anthony Chapman, Division de l'économie.

Conformément à son ordre de renvoi du mercredi 28 février 1996, le comité considère l'examen, pour en faire rapport, des répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe. (*Voir les Délibérations du comité du 28 février 1996, fascicule n° 1*)

Le comité considère les chapitres 6 et 7 du projet de rapport et ses travaux futurs.

À 16 h 25, le comité s'ajourne pour permettre aux membres de prendre part à un vote au Sénat.

À 16 h 44, le comité reprend ses travaux.

À 18 h 15, le comité ajourne ses travaux jusqu'au mercredi 19 juin 1996, à 15 h 15.

ATTESTÉ:

OTTAWA, le mercredi 19 juin 1996

(12)

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui à huis clos, à 17 h 03, dans la pièce 256-S de l'édifice du Centre, sous la présidence de l'honorable John B. Stewart (*président*).

Members of the committee present: The Honourable Senators Andreychuk, Bacon, Bolduc, Carney, Grafstein, Kelleher, MacEachen, Stewart and Stollery. (9)

Also present: From the Research Branch of the Library of Parliament: Mr. Anthony Chapman, Economics Division.

Pursuant to its order of reference of Wednesday, February 28, 1996, the Committee proceeded with its examination and reporting on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the European Union for economic, political, and defence relations between Canada and Europe. (*See Committee proceedings of February 28, 1996, Issue No. 1*)

The Committee considered chapters 8 and 9 of the report.

At 6:35 p.m., the committee adjourned for dinner.

At 7:14 p.m., the committee reconvened.

At 8:00 p.m., the committee adjourned until 12 noon on June 20, 1996.

ATTEST:

Le greffier du comité,

Serge Pelletier

Clerk of the Committee

OTTAWA, Thursday, June 20, 1996

(13)

The Standing Senate Committee on Foreign Affairs met this day *in camera* at 12:16 p.m. in Room 172-E of the Centre Block, the Chairman, the Honourable John B. Stewart, presiding.

Members of the committee present: The Honourable Senators Andreychuk, Bolduc, Carney, Corbin, Grafstein, Kelleher, Stewart and Stollery. (8)

Also present: From the Research Branch of the Library of Parliament: Mr. Anthony Chapman, Economics Division.

Pursuant to its order of reference of Wednesday, February 28, 1996, the Committee proceeded with its examination and reporting on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the European Union for economic, political, and defence relations between Canada and Europe. (*See Committee proceedings of February 28, 1996, Issue No. 1*)

The Committee considered the chapters of the draft report and discussed future business.

It was agreed that, provided the Senate was sitting on this date, the Committee would meet on July 17 to adopt the report and that said report would be tabled no later than July 18, 1996 by the Chairman of the Committee.

Membres du comité présents: Les honorables sénateurs Andreychuk, Bacon, Bolduc, Carney, Grafstein, Kelleher, MacEachen, Stewart et Stollery. (9)

Également présent: Du Service de recherche de la Bibliothèque du Parlement: M. Anthony Chapman, Division de l'économie.

Conformément à son ordre de renvoi du mercredi 28 février 1996, le comité considère l'examen, pour en faire rapport, des répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe. (*Voir les Délibérations du comité du 28 février 1996, fascicule n° 1*)

Le comité considère les chapitres 8 et 9 du projet de rapport.

À 18 h 35, le comité ajourne pour le repas.

À 19 h 14, le comité reprend ses travaux.

À 20 h 00, le comité ajourne ses travaux jusqu'au 20 juin 1996, à 12 h 00.

ATTESTÉ:

OTTAWA, le jeudi 20 juin 1996

(13)

Le comité sénatorial permanent des affaires étrangères se réunit aujourd'hui à huis clos, à 12 h 16, dans la pièce 172-E de l'édifice du Centre, sous la présidence de l'honorable John B. Stewart (*président*).

Membres du comité présents: Les honorables sénateurs Andreychuk, Bolduc, Carney, Corbin, Grafstein, Kelleher, Stewart et Stollery. (8)

Également présent: Du Service de recherche de la Bibliothèque du Parlement: M. Anthony Chapman, Division de l'économie.

Conformément à son ordre de renvoi du mercredi 28 février 1996, le comité considère l'examen, pour en faire rapport, des répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe. (*Voir les Délibérations du comité du 28 février 1996, fascicule n° 1*)

Le comité considère les chapitres du projet de rapport et ses travaux futurs.

Il est convenu que, si le Sénat siège à cette date, le comité se réunira le 17 juillet pour adopter le rapport et que celui-ci sera déposé au plus tard le 18 juillet 1996 par le président du comité.

It was agreed that if the Senate was not sitting on this date, amendments, additions and so forth moved by the members would be forwarded to the Chairman and integrated where appropriate into the text and that the final report would be tabled with the Clerk of the Senate no later than July 18, 1996.

At 1:30 p.m., the committee adjourned to the call of the Chair.

ATTEST:

Il est convenu que, si le Sénat ne siégeait pas à cette date, les modifications, ajouts, et cetera, proposés par les membres seraient communiqués au président et intégrés au texte le cas échéant, et que le rapport final serait déposé auprès du greffier du Sénat au plus tard le 18 juillet 1996.

À 13 h 30, le comité s'ajourne jusqu'à nouvelle convocation de la présidence.

ATTESTÉ:

Le greffier du comité,

Serge Pelletier

Clerk of the Committee

THE SENATE
OF
CANADA



LE SÉNAT
DU
CANADA

EUROPEAN INTEGRATION: THE IMPLICATIONS FOR CANADA

Report of the Standing Senate Committee
on
Foreign Affairs

Chairperson
The Honourable John B. Stewart

Deputy Chairperson
The Honourable Pat Carney, P.C.

July 1996

MEMBERS OF THE COMMITTEE
(July 5, 1996)

Pursuant to the Order of Reference made by the Senate on May 25, 1995, the Committee began to study the implications for Canada of developments in Europe. The 1995-1996 Session of Parliament was prorogued on February 28, 1996. The Order of Reference was renewed on February 28, 1996, in the Session that began on February 27, 1996.

The Members of the Committee:

The Honourable John B. Stewart
Chairperson

The Honourable James F. Kelleher, P.C.
Deputy Chairperson (1995-1996 Session)

The Honourable Pat Carney, P.C.
Deputy Chairperson (1996 Session)

and the Honourable Senators

Andreychuk
Bacon
Bolduc
Corbin
*Fairbairn, P.C. (or Graham)
Gauthier

Grafstein
*Lynch-Staunton (or Berntson)
MacEachen, P.C.
Ottenheimer
Stollery

**Ex officio Members*

(Quorum 4)

The following Honourable Senators also participated in the work of the Committee: Balfour, Charbonneau and Gigantès.

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate* of Thursday, May 25, 1995:

With leave of the Senate,

The Honourable Senator Stewart moved, seconded by the Honourable Senator Gigantès:

That the Standing Senate Committee on Foreign Affairs be authorized to examine and report on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the emergence of the European Union for economic, political, and defence relations between Canada and Europe; and

That the Committee present its final report no later than March 31, 1996.

The question being put on the motion, it was adopted.

ORDER OF REFERENCE

Extract from the *Minutes of Proceedings of the Senate* of Wednesday, February 28, 1996:

With leave of the Senate and notwithstanding rule 58(1)(f),

The Honourable Senator Stewart moved, seconded by the Honourable Senator Andreychuk:

That the Standing Senate Committee on Foreign Affairs be authorized to examine and report on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the emergence of the European Union for economic, political and defence relations between Canada and Europe;

That the Committee have the power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of the said order of reference;

That the papers and evidence received and taken on the subject during the First Session of the Thirty-Fifth Parliament be referred to the Committee;

That the Committee have power to adjourn from place to place outside Canada;

That the Committee submit its final report no later than June 30, 1996; and

That, notwithstanding usual practices, if the Senate is not sitting when the final report of the Committee is completed, the Committee shall deposit its report with the Clerk of the Senate, and said report shall thereupon be deemed to have been tabled in this Chamber.

The question being put on the motion, it was adopted.

Paul C. Bélisle
Clerk of the Senate

NOTICE OF MOTION

Extract from the *Senate Journals* of Thursday, June 20, 1996:

With leave of the Senate,

The Honourable Senator Stewart moves, seconded by the Honourable Senator Lewis:

That, notwithstanding the order of reference of the Senate adopted on February 28, 1996, the Standing Senate Committee on Foreign Affairs, which was authorized to examine and report, no later than June 30, on the consequences of the economic integration of the European Union for the national governance of the member states, and on the consequences of the emergence of the European Union for economic, political and defence relations between Canada and Europe, be empowered to present its final report no later than July 18, 1996.

That, notwithstanding usual practices, if the Senate is not sitting when the final report of the Committee is completed, the Committee shall deposit its report with the Clerk of the Senate, and said report shall thereupon be deemed to have been tabled in this Chamber.

The question being put on the motion, it was adopted.

ACKNOWLEDGMENT

The Committee is grateful to all those who assisted us both during our public hearings in Ottawa and during the mission to Europe. By their analyses, their opinions, and their suggestions they broadened our horizons and strengthened our conviction that current developments in Europe are of great importance to Canada.

The fact-finding mission to Europe undertaken by some members of the Committee in March, 1996 advanced our work greatly. That mission would have been impossible without the close collaboration of Canada's ambassador in each of the European capitals visited, and the assistance of the Embassy staffs. We are most appreciative. Also, we want to thank the Ministers of Foreign Affairs and of International Trade and their officials for the valuable advice which they gave us. The Department confirmed its interest in our work by making available the services of Mr. Albert Galpin, of its European Union Division, who helped in both the planning and the execution of the mission. We are grateful to Mr. Galpin for his cooperation throughout an arduous undertaking.

We record our appreciation of the generous assistance given to us by Dr. Charles Pentland, Queen's University.

We have come to rely upon the diligence and professionalism of our research coordinator from the Library of Parliament, Mr. Anthony Chapman; in this complex study he justified our confidence in him. Mr. Serge Pelletier, our clerk, and Ms. Josée Thérien, his assistant, once more earned our appreciation for the smooth unfolding of the Committee's administrative, budgetary and logistical operations, especially in relation to the mission to Europe.

John B. Stewart
Chairman

**EUROPEAN INTEGRATION:
THE IMPLICATIONS FOR CANADA**

**THE STANDING SENATE COMMITTEE
ON FOREIGN AFFAIRS**

July 1996

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List of Acronyms

APEC	-	Asia Pacific Economic Cooperation
BTO	-	Brussels Treaty Organization
CAP	-	common agricultural policy
CCT	-	Common Customs Tariff
CDIA	-	Canadian direct investment abroad
CEPA	-	Canada-Europe Parliamentary Association
CFSP	-	common foreign and security policy
CJTF	-	Combined Joint Task Force
Coreper	-	Committee of Permanent Representatives
DFAIT	-	Department of Foreign Affairs and International Trade (Canada)
DG II	-	Directorate-General II (of the European Commission)
EBRD	-	European Bank for Reconstruction and Development
EC	-	European Community
ECB	-	European Central Bank
ECSC	-	European Coal and Steel Community
ECU	-	European Currency Unit
EEA	-	European Economic Area
EDC	-	European Defence Community
EEC	-	European Economic Community
EMI	-	European Monetary Institute
EMS	-	European Monetary System
EMU	-	economic and monetary union
EPC	-	European Political Cooperation
ERM	-	Exchange Rate Mechanism
ESCB	-	European System of Central Banks
EU	-	European Union
FDIC	-	foreign direct investment in Canada
FIRA	-	Foreign Investment Review Agency
FTAA	-	Free Trade Area of the Americas
G-7	-	Group of Seven (industrial countries)
GATT	-	General Agreement on Tariffs and Trade
GDP	-	gross domestic product
GNP	-	gross national product
IFOR	-	(NATO-led peace) Implementation Force (in Bosnia and Herzegovina)
IGC	-	Intergovernmental Conference
IMF	-	International Monetary Fund
ITA	-	Information Technology Agreement
JCC	-	Joint Cooperation Committee
MEP	-	Member of the European Parliament

MTAP	-	Military Training Assistance Program
NACC	-	North Atlantic Cooperation Council
NAFO	-	Northwest Atlantic Fisheries Organization
NAFTA	-	North American Free Trade Agreement
NAT	-	North Atlantic Treaty
NATO	-	North Atlantic Treaty Organization
OECD	-	Organization for Economic Cooperation and Development
OEEC	-	Organization for European Economic Cooperation
OSCE	-	Organization for Security and Cooperation in Europe
PfP	-	Partnership for Peace
PRA	-	pest risk assessment
QMV	-	qualified majority voting
RTD	-	Research and Technological Development (program)
SEA	-	Single European Act
SPD	-	Social Democratic Party (of Germany)
TAD	-	Transatlantic Declaration
TAFTA	-	transatlantic free trade area
TEU	-	Treaty Establishing the European Union
TREVI	-	(group of EU justice and interior ministers established to combat) terrorism, radicalism, extremism, and political violence
TRIPs	-	Trade-Related Aspects of Intellectual Property Rights
UK	-	United Kingdom
UN	-	United Nations
U.S.	-	United States
WEU	-	Western European Union
WTO	-	World Trade Organization

RECOMMENDATIONS

CANADA - EU TRADE AND INVESTMENT LINKS

1. The Committee recommends that Statistics Canada undertake a study of Canada-European Union (EU) trade patterns to discover in which sectors of the EU market Canada is losing import market share and where this country is gaining a larger share of the EU market. The study would also show how Canada's major competitors are faring in the EU import market. The general purpose of the study would be to provide data on the performance of Canadian exports in various import sectors. When compared with information on EU trade barriers by sector, this might help to explain the performance of Canadian merchandise exports in the EU market. The study would also be used to sharpen Canada's export promotion strategy for the EU market.

ECONOMIC AND MONETARY UNION

2. We recommend that the Department of Foreign Affairs and International Trade, in consultation with the Bank of Canada and the Department of Finance, undertake a study on the effects of the EU's economic and monetary union on Canada. The completion of such a study ought to be given high priority by the Canadian government.
3. Further, the Committee recommends that the Canadian government convene a conference based on this study. Such a conference of Canadian business people, economists, and policy makers would help the government in estimating the implications of economic and monetary union (EMU) for Canada and in formulating appropriate policy responses.
4. The Committee recommends that the Canadian government and the provinces continue work on the elimination of inter-provincial trade barriers. Canada already has a monetary union, but has yet to achieve a true single market for goods, services, capital, and people.

THE 1996 INTERGOVERNMENTAL CONFERENCE

5. The Committee recommends that the Canadian government monitor carefully the discussions taking place at the 1996 Intergovernmental Conference (IGC). We note that decisions respecting policies such as the EU's common foreign and security policy and European defence policy will be taken in this IGC and that these policies may affect Canadian interests. Therefore, the Department of Foreign Affairs and International Trade should consider whether additional personnel need to be assigned to key foreign missions during the IGC, in order to ensure that the Canadian government is aware of, and able to respond promptly to, any developments that may affect Canadian interests.

EUROPEAN UNION ENLARGEMENT

6. The Committee recommends that the Canadian government monitor the progress of all discussions between the European Union and prospective members in order to prepare a strategy for dealing with EU enlargement. We recommend that this strategy should include the following elements:
7. First, the Canadian government should immediately commission an analysis of the potential impact on Canada of future EU enlargements. The analysis should examine three implications of enlargement for Canada:
 1. potential diversion of trade;
 2. potential diversion of investment;
 3. the effect on decision-making in those institutions of which Canada is a member.
8. Second, the Committee believes that it is imperative that the Canadian government work towards "raising the floor" of international agreements -- in other words, towards achieving rules that will bind the EU with respect to the imposition of new trade restrictions. Most importantly, the Canadian government should press for the negotiation of another round of multilateral tariff reductions. Priority should be given to concluding an agreement that would eliminate or lower tariffs on Canadian exports which, on the basis of the

aforementioned study, are likely to be most affected by EU enlargement. To the extent that the EU agrees to bind its tariffs at zero (or very low rates) new EU entrants will not have to harmonize their own tariffs upwards to meet those of the EU.

9. In Chapter III the Committee recommended that Statistics Canada undertake an analysis to determine in which sectors Canada has been losing share of the EU import market to other competitors. In some cases these competitors have access to the EU market which is more favourable than that provided to Canada. The Minister for International Trade informed the Committee that Canada is one of the few countries without preferential access to the EU market. Therefore, the Committee recommends that the Canadian government emphasize also tariff reductions in those sectors where Canada has lost market share to competitors that have more favourable access to the EU market.
10. Third, the Committee recommends that, as soon as practicable, the Canadian government begin discussions with the European Union on proposed EU enlargements. It is important to begin these discussions early in order to ensure that an adequate compensation package for Canada is in place by the time the new members accede to the EU.
11. Fourth, ongoing negotiations with the EU should also be concluded as soon as possible, such as those involving a Mutual Recognition Agreement, a Telecommunications Agreement, an Information Technology Agreement, and a Multilateral Agreement on Investment. Perhaps the most difficult area, agricultural trade liberalization, will probably have to wait until 1999, when the World Trade Organization (WTO) Agreement on Agriculture requires the beginning of another round of agricultural negotiations.
12. Fifth, the Committee was impressed with the German position that EU enlargement should not be allowed to raise trade barriers to outside countries. We recommend that the Canadian government consult regularly with the German government, and, where appropriate, the governments of other EU countries, to ensure that regional integration does not run counter to multilateral trade liberalization. In this

regard, the Committee recommends that the government take care to assure that Canada's bilateral relations with individual EU Member States do not weaken. In addition, we recommend that the government review the allocation of its personnel and resources to particular European countries. For example, is the allocation to Germany commensurate with the role that country now plays in the European Union?

13. Sixth, the Committee recommends that representatives from the Department of Foreign Affairs and International Trade be invited to appear twice each year before the Standing Senate Committee on Foreign Affairs to report on:
 - (1) the latest developments in the EU's plans to accept new members; and
 - (2) how the Canadian government is dealing with EU enlargement.

THE COMMON FOREIGN AND SECURITY POLICY

14. The Committee recommends that Canada remain a firm supporter of the North Atlantic Treaty Organization (NATO). This country has limited defence resources of its own; membership in NATO acts as a "force multiplier" which helps to guarantee Canadian national security. Membership in the Alliance also permits this country to make a valuable contribution to European and global security by participating in NATO peacemaking activities, such as the Implementation Force (IFOR) in Bosnia. By participating in NATO outreach programs, such as the North Atlantic Cooperation Council (NACC) and the Partnership for Peace program (PfP), which keep Russia and the countries of central and eastern Europe engaged with NATO, Canada also is contributing to global peace and security.
15. The Committee recommends that the Canadian government consider carefully on its own merits each country's application to join NATO so as to ensure that approval of the application will serve Canada's interests. Non-member countries should not be allowed to determine who does, and who does not, become a NATO member. At the same time, NATO members must be cognizant of the reaction of outside countries.

16. Therefore, the Committee recommends that the Canadian government encourage NATO to continue to implement policies that will help to ensure that the enlargement process *does* contribute to enhanced security and stability in Europe. Consequently, it is imperative that NATO continue to build bridges between itself and Russia. In particular, the Committee believes that NATO outreach programs, such as PfP and NACC, have a key role to play in serving as vehicles for consultation and cooperation between the Alliance and non-member countries, especially Russia. The Organization for Security and Cooperation in Europe (OSCE) -- the organization with the widest membership -- also has an important role to play in securing Europe's security and stability by overcoming divisions between NATO members and non-members.
17. The Committee recommends also that, in enlarging its membership, NATO ensure that its decision-making ability is not hampered. In order to remain effective, the Alliance must be able to take decisions quickly on the basis of consensus. As the organization becomes larger and more heterogeneous, the danger that decision-making may become bogged down increases as members' interests come into conflict.
18. Finally, the Committee recommends that the Canadian government undertake a study of the implications for Canada's national interests of the development of a EU common foreign and security policy. An area which deserves attention is the linkage between NATO and the Western European Union (WEU). As EU enlargement proceeds, more countries will become members of the WEU, which is both the EU's defence component and the European pillar of the Atlantic Alliance. Should those countries that are expected to become EU members be given special consideration when they seek to join NATO? Is there a danger that EU enlargement could provide a "backdoor" means of entry into NATO for certain countries? What are the implications of the emergence of a European pillar within NATO for the nature of the Alliance?

JUSTICE AND HOME AFFAIRS

19. The Committee recommends that the Canadian government continue to pursue cooperation with the EU in third pillar areas. These include immigration and asylum, as well as combating organized crime, terrorism, money laundering, illegal arms trade, and drug trafficking.

FORGING CANADA-EU LINKS

20. The suspension of the Action Plan negotiations over a single issue demonstrates the potential benefit of engaging the support of other countries in future negotiations in order to offset both EU power and the interests of individual Member States. Conducting negotiations under the auspices of multilateral fora, such as the Organization for Economic Cooperation and Development (OECD) and the WTO, provides one way of counterbalancing EU power. However, the Action Plan negotiations are an attempt to achieve a bilateral agreement which aims to fill in the gaps in the multilateral framework. The Committee recommends that, in future negotiations involving Canada and the EU, the Canadian government try to enlist the participation of the United States. Like Canada, the United States has a strong interest in opening up the EU market. Moreover, the United States is the only country with sufficient economic and political weight to offset that of the European Union.
21. We recommend that the Canadian government pursue the Action Plan negotiations during the Irish presidency. Clearly, however, the success of the negotiations will depend on whether Canada and the EU can resolve the outstanding bilateral fisheries issues, primarily involving the appropriate method of protecting fish stocks outside the 200-mile territorial limit.
22. The Committee recommends that the Canadian government continue to press to have the study on transatlantic trade barriers carried out on a trilateral basis. Although it is unclear that such a transatlantic trade study would form the basis of a concrete plan for bilateral trade liberalization, we believe that Canada should be involved from the outset.

Otherwise, there is a danger that two separate bilateral studies (Canada-EU and U.S.-EU) would eventuate in two separate bilateral trade agreements. This raises the possibility that the U.S., with its greater economic and political weight, could negotiate better access to the EU market than Canada can obtain and/or that the U.S. could become a more attractive location for investment compared to Canada. On the other hand, a trilateral trade agreement would ensure that Canada obtained access to the EU market equivalent to that attained by the U.S.

23. The Committee recommends that Canada be in the forefront of countries calling for another round of multilateral tariff negotiations. Therefore, the Canada-EU Action Plan should contain a commitment to undertake negotiations on a new package of multilateral tariff reductions.
24. The Committee recommends that the Canada-EU Action Plan include a statement of Canada's intention to conclude the Information Technology Agreement (ITA) negotiations.
25. The Committee recommends that, as a member of the Arctic Council, Canada should cooperate fully and diligently with the EU Arctic nations, Finland, Denmark (Greenland), and Sweden, in the context of the Action Plan, to deal with the problems arising from Arctic contamination. Also, the government should work with non-EU Arctic countries, such as Norway, U.S.A., and Russia, to establish a plan to deal with the problem.

EUROPEAN INTEGRATION: THE IMPLICATIONS FOR CANADA

I. INTRODUCTION: CHANGING CIRCUMSTANCES IN EUROPE AND NORTH AMERICA

The Committee's decision in early 1995 to examine the implications of events in Europe was based on a concern that unless adequate attention was paid, Canadian-European relations would drift and deteriorate. It is 23 years since the Committee made a report on Canada-European Community relations.¹ Since then, momentous changes have remade Europe's economic and political map. The Cold War has ended; democracy and free markets have swept Europe. The Berlin Wall has crumbled; Germany has been reunified. The world's second superpower -- the Soviet Union -- has broken into separate republics. More than any other event, the end of the Cold War has forced a re-evaluation of the North American-European relationship, which for cohesion depended greatly on the defence alliance.

In addition, political and economic changes within the European Union are affecting the transatlantic relationship. The single market program, which removed internal EU barriers to trade, rejuvenated the EU economically, giving rise to a new optimism within the Union. It provided also a stimulus for a three-part plan to introduce a single currency and a common monetary policy by 1999. However, the achievement of this goal will be difficult: the fiscal and financial criteria to be met by Member States are demanding. Furthermore, two Member States -- Great Britain and Denmark -- may decide not to join the economic and monetary union (EMU). What are the prospects for achieving EMU? What are the implications of EMU for the value of the Canadian dollar and for international trade and investment flows between Canada and Europe? Will the creation of a third significant currency bloc diminish Canada's role in international economic policy discussion fora, such as the G-7?

Moreover, the EU is remodeling its political structure. No longer content to remain "an economic giant but a political dwarf," the European Union's Intergovernmental Conference (IGC), which began at the end of March 1996, will, among other things, examine (a) proposals to improve the common foreign and security policy and (b) ideas to enhance cooperation in matters such as justice, police, and immigration.

How will the adoption by the EU of common policies on drug trafficking, illegal immigration, and organized crime affect Canadian efforts to combat these problems? Will the EU be able to present Canada and the world with a single decisive foreign policy and a corresponding defence arm with which to act? If so, why are central and eastern European countries lining up to join NATO? Should Canada reconsider its contribution to NATO in view of the EU's plan for a European defence identity?

When the Committee's report on Canada-European Community relations was issued in 1973, the EC had just expanded from six to nine members with the accession of the United Kingdom, Denmark, and Ireland. That enlargement, particularly Britain's entry, threw a significant adjustment burden on Canada. Since then, six more countries have joined the EU, bringing the total membership to 15. In the next few years, the membership may increase to 18 or 20. Subsequent enlargements could swell membership to possibly 28 countries as the EU expands southward and eastward. How would such an ambitious enlargement affect Canada's commercial and foreign policy interests in Europe?

It seems likely that the accession of the new members to the EU will reduce access for a number of Canadian exports, including agricultural and fish products. What strategy should the Canadian government employ to offset this potential loss of markets? Enlargement will also increase the EU's influence in international organizations in which Canada is a member, organizations such as the OECD and the WTO.

Since our 1973 report, Canada-EC merchandise trade has declined in relative importance. In 1973, merchandise exports to the then 9-member EC accounted for 12.4% of total Canadian merchandise exports while imports from the EC represented 13.3% of all

Canadian imports. In 1995, Canadian merchandise exports to the EU were 6.4% of total merchandise exports, and merchandise imports from the EU had fallen to 10.0% of total imports — and this despite the EU's enlargement to 15 member countries. Why has Canada-EU trade continued to decline in relative importance? What can Canada do about it?

Of course, Canada's own trading arrangements have changed markedly since 1973 and are still evolving. In 1989, bilateral free trade with the United States was introduced, followed in 1994 by the North American Free Trade Agreement, which added Mexico to the trading bloc. Free trade negotiations between Canada and Chile are now underway and there are plans to negotiate by the year 2005 a Free Trade Area of the Americas (FTAA) encompassing the entire western hemisphere. Also, as a member of the Asia Pacific Economic Cooperation (APEC) forum, Canada is committed to the achievement by the year 2020 of free trade with other countries in the Pacific Rim.

Consequently, the Committee believed that changing circumstances both in North America and in Europe had increased the danger that the transatlantic relationship could drift as the two great trading blocs became preoccupied with their respective agendas. Nor did this danger escape the attention of Canada's executive government. Beginning with a speech in September 1994, the International Trade Minister, the Honourable Roy MacLaren, began raising the possibility of negotiating a free trade agreement between North America and Europe. This theme was picked up by Prime Minister Jean Chrétien in an address to the French Senate in December 1994.

The Canadian government's proposal to build bridges between the EU and NAFTA by negotiating a transatlantic free trade area (TAFTA) was, perhaps, too advanced for either the United States or the EU to accept at the time. Nevertheless, Canada's insistence on the need to strengthen the transatlantic relationship gave impetus to a new dialogue between Europe and North America. The first fruit of this dialogue was the "Joint U.S.-EU Action Plan," signed in Madrid in December 1995. That Action Plan established a program for enhancing economic, defence, and security relations between the EU and the U.S.

Canadian efforts to trilateralize the U.S.-EU negotiations had been unsuccessful, due partly to resistance from the Spanish, who held the Presidency of the Council during the second half of 1995. However, on a parallel track, in November 1995, a Canada-Germany working group proposed an agenda for negotiations to improve trade and investment ties between Canada and the Union. On 28 February 1996, the European Commission released a draft agenda for closer relations with Canada. Areas to be covered included: an early warning system for trade disputes, a joint study of trade barriers, the promotion of contacts between businesses, and joint support for security arrangements. This agenda was approved by the Council of the European Union on 25 March 1996. However, negotiations with the EU reached an impasse over the extraterritorial dimension of Canadian fisheries policies. As a result, the agreement was not approved as planned in Rome on 26 June 1996 at the summit between Canada's Prime Minister Jean Chrétien, the President of the European Commission, Jacques Santer, and Italian Prime Minister, Romano Prodi.

The fact that an important international agreement, such as the Action Plan, could be derailed because of disagreement over a single issue, involving the interests mainly of one Member State, illustrates vividly the difficulty that besets outside countries, such as Canada, in trying to deal with the 15-member EU. Moreover, plans to enlarge the Union to include as many as 28 Member States is bound to multiply the potential areas of disagreement between the EU and Canada. What steps can the Canadian government take to deal with an EU which is growing in respect to the diversity of national interests represented as well as in terms of overall economic and political strength?

The Committee undertook this study convinced that the time was ripe for an examination of Canada-European Union relations. However, when we began the study, we did not foresee how quickly events would unfold. As it happened, our study coincided with a strong initiative by the Canadian government to fortify Canada-EU relations. In March 1996, some members of this Committee went to Europe for meetings with parliamentarians, officials, and business people.² That mission provided insights and information which have been invaluable in the formulation of this report. Also, it may have served to emphasize to some European policy-makers the importance that Canadian government and parliamentary representatives place on strengthening the European-Canadian relationship.

2 Refer to Appendix A for a list of the Committee's meetings in Europe.

II. THE EUROPEAN UNION: WHAT IS IT? WHERE IS IT GOING?³

A. The Formative Period

In order to understand where the European Union is going, it is important to know where it came from. Although the EU was founded on agreements, which superficially had purely commercial purposes, the agenda for European integration always has been driven in large part by political motives.⁴ History shows also that European integration does not move forward in a straight line. Rather, as one witness put it, European integration can be seen as a series of crab-like movements -- some forward steps followed by a few backward or sideways movements. As outlined in the following short history, each period of optimism seems to be followed by a period of pessimism. Likewise, each setback appears to be followed by another stage of integration.

According to Dr. Charles Pentland (Professor of Political Studies, Queen's University) the post-war debate over European integration centered around two different ideas: the federalist view and the functionalist view.^(28:6)⁵ Under the federalist view, Europe should move quickly toward a kind of United States of Europe with nations surrendering national sovereignty to supranational institutions. In contrast, according to the functionalist view, "what Europe needed was a solid dose of old fashioned cooperation among its Member States, particularly in the economic and technological spheres, and that it was foolish or certainly premature to talk about compromising national sovereignty."^(28:6)

Dr. Pentland explained that "the post-war history of European integration can be divided into four broad phases, each with its own distinctive characteristics." In Phase One -- the formative period from 1945 to 1955 -- the economic and security groundwork was laid

3 Readers who are familiar with the origins and history of the European Union may wish to proceed to Chapter III.

4 Mr. Jacques Delors, former President of the Commission, told the Committee in Paris that economic integration has always been used as a back door to achieve the political goal. Although this approach achieved much success down to 1988 or so, thereafter it was necessary to address the political needs of the people directly, according to Mr. Delors.

5 Note: Bracketed numbers refer to the issue number and page number in the proceedings of the Standing Senate Committee on Foreign Affairs where the testimony can be found.

for the European Community's institutions. The economic foundation was laid in the Marshall Plan and by the Organization for European Economic Cooperation (OEEC), which provided for collaboration among the European states, allocated Marshall aid among states, and encouraged trade liberalization. The political and security framework, which allowed economic integration to proceed, was provided by the establishment of NATO in 1949. The alliance provided some assurance that France and Germany would not go to war again and it formed a bulwark against Soviet aggression.

The Council of the European Union

The Council of the European Union is the main decision-making institution. It is made up of Ministers from the 15 Member States with responsibility for the policy area under discussion at a given meeting: foreign affairs, agriculture, industry, transport, the environment, etc.

The Presidency of the Council rotates, changing hands every six months. The ground for the Council's discussions is prepared by Coreper, a committee of Member States' permanent representatives to the Union, which is assisted in turn by committees of civil servants from the appropriate national ministries. There is also a General Secretariat, based in Brussels.

Under Article 145 of the EC Treaty, the Council is responsible for coordinating the general economic policies of the Member States. But as the Union's powers increase, so does the range of Council activities. The Council, which represents the Member States, enacts Union legislation (regulations, directives and decisions). It is the Union's legislature, as it were, although in certain areas specified by the Single Act and the Maastricht Treaty it shares this function with the European Parliament. The Council and Parliament also have joint control over the Union's budget. Finally, the Council adopts international agreements negotiated by the Commission.

Article 148 of the EC Treaty distinguishes between decisions adopted unanimously, by a simple majority and by a qualified majority (at least 62 votes out of a total of 87). Where a qualified majority (at least 62 votes) is required, votes are distributed as follows: France, Germany, Italy and the United Kingdom have 10 votes each; Spain has eight; Belgium, Greece, the Netherlands and Portugal five; Austria and Sweden four; Denmark, Finland and Ireland three; and Luxembourg two. Most decisions are taken by qualified majority. Unanimity is only required on issues of fundamental importance such as the accession of a new Member State, amendments to the Treaties or the launching of a new common policy.⁶

6 Pascal Fontaine, *Europe in Ten Lessons*, Office for Official Publications of the European Communities, December 1994, p. 9.

In the late 1940s, after two world wars had devastated Europe, the idea was taken up that the way to prevent new major conflicts in Europe was to bring about the federation of the principal countries. It was during this period that French Foreign Minister Robert Schuman put forward a proposal by Jean Monnet, France's Planning Commissioner at the time, to integrate the French and German coal and steel industries. There was a fear that Germany still posed a significant threat to peace and the Schuman-Monnet proposal provided a way to link Germany economically and politically with a community of European states.⁷

On 18 April 1951, the Treaty of Paris was signed between France, West Germany, Italy, and the Benelux countries (Belgium, Netherlands, Luxembourg), thus founding the European Coal and Steel Community (ECSC). The new Community's founding fathers saw the ECSC as the first step towards European political integration. The ECSC's institutions would later become the prototype for the institutions of two other communities, an economic community and an atomic energy community. After this initial success, the French put forward the idea of a European Defence Community (EDC); thereby a re-armed Germany would be bound militarily to a supranational Community. However, in 1954 the French National Assembly defeated the EDC proposal because it could not accept the loss of sovereignty entailed in giving up the national army. The EDC's failure represented a major setback for European federalists who had seen this step as the beginning of a European Political Community.

7 "The Coal and Steel Plan was Monnet's reaction to a rather grandiose idea of Prime Minister Georges Bidault's put forth in a speech at Lyons on April 16 calling for an "Atlantic High Council for Peace." This appeared to combine propaganda, in the use of the word "peace," with the urge to pile machinery on machinery in an effort to form a holding company to "coordinate" the North Atlantic Treaty, the Western Union, the Organization for European Economic Cooperation, and the Council of Europe. Whatever idea may have lurked within this proposal was stillborn. Monnet's apparently more limited and modest plan was, in reality, more imaginative and far-reaching, because it picked out the basic materials of Europe's industrial economy, coal and steel, to put under the supranational control of an organization of the participating European states, with governmental powers and clearly defined purposes. The High Authority's immediate powers and effects would be great; its potential ones still greater." (Dean Acheson, *Present at the Creation: My Years in the State Department*, W.W. Norton and Company, New York, 1969, p. 383.)

B. The “Golden Age”

The second phase of European integration -- the “Golden Age” of the European Economic Community -- occurred from 1956 to 1968. In March 1957, two Treaties of Rome were signed by the six ECSC Member States; one treaty established the European Economic Community (EEC), and the other established the European Atomic Energy Community (Euratom). The Treaty establishing the EEC provided for the elimination over 12 years of all internal tariffs, quotas, bounties, differential freight rates, discriminatory taxes, and foreign exchange rate restrictions.

By July 1968 -- one and a half years ahead of time -- internal tariffs and most internal quotas had been eliminated, Member States had harmonized their external tariffs with the EEC Common Customs Tariff (CCT), and the common agricultural policy (CAP) was in place. The rules permitting the free movement of labour between countries came into effect immediately upon implementation of the Treaty. In practice, however, there remained a number of barriers to the completely free movement of labour, capital, goods, and services.

The “golden age” coincided with a period of world-wide economic growth, low inflation, low unemployment, declining trade barriers, and monetary stability. During this phase, intra-Community trade increased by a factor of four while trade with the rest of the world also increased rapidly, although not as fast as trade within the EEC. As Dr. Pentland put it, “we gained the impression of the community as a dynamic force, as a kind of trade vortex which acted as a pole of attraction for many countries around it, not the least the United Kingdom which eventually made up its mind that it had to get on the train before it went too much farther out of the station.”(28:8)

The European Parliament

The European Parliament provides a democratic forum for debate. It has a watch-dog function and also plays a part in the legislative process. Elections for the European Parliament are held by direct universal suffrage every five years (the first were held in June 1979). Parliament currently has 626 seats. Germany has 99 seats, France, Italy and the United Kingdom 87 seats each, Spain 64, the Netherlands 31, Belgium, Greece and Portugal 25 each, Sweden 22, Austria 21, Denmark and Finland 16 each, Ireland 15 and Luxembourg 6.

Parliament normally meets in plenary session in Strasbourg. Brussels is the usual venue for meetings of its 20 committees, which prepare the ground for meetings in plenary, and its political groups. Parliament's Secretariat is located in Luxembourg.

Parliament shares the legislative function with the Council: it has a hand in the drafting of directives and regulations, proposing amendments which it invites the Commission to take into account. The Single Act, which amended the Treaties, established a procedure with two readings in Parliament and two in the Council. Known as the 'cooperation procedure', it gives Parliament a bigger say in a wide range of policy areas, notably the single market.

The Maastricht Treaty strengthens Parliament's hand even further by granting it powers of co-decision in specific areas: the free movement of workers, the single market, education, research, the environment, trans-European networks, health, culture and consumer protection. Parliament may now reject the Council's common position and halt the legislative process provided that an absolute majority of Members of the European Parliament (MEPs) are in favour and the conciliation procedure has failed.

Finally, the Single Act made international cooperation and association agreements and all subsequent enlargements of the Community subject to Parliament's assent. In Maastricht it was decided that Parliament's assent would also be required for a uniform electoral procedure and Union citizenship.

Parliament also shares budgetary powers with the Council. It can adopt the budget or reject it, as it has on two occasions in the past. In this case the whole procedure begins again from scratch. The budget is prepared by the Commission. It then passes backwards and forwards between the Council and Parliament, the two arms of the budgetary authority. While the Council's opinion prevails on 'compulsory', largely agricultural, expenditure, Parliament has the last word on 'non-compulsory' expenditure, which it can alter within the limits set by the Treaty. Parliament makes full use of its budgetary powers to try to influence policy.

One of Parliament's essential functions is, of course, to provide political impetus. It frequently calls for new policies to be launched and for existing ones to be developed or altered. Its draft Treaty on European Union, adopted in 1984, was the catalyst which finally set the Member States on the road to the Single Act. And it was Parliament which successfully called for the convening of the Intergovernmental Conferences on economic and monetary union and political union.

Lastly, Parliament provides democratic control. It can dismiss the Commission by a vote of censure supported by a two-thirds' majority of its members. It also comments and votes on the Commission's programme each year. Parliament monitors implementation of the common policies, relying for its information on reports produced by the Court of Auditors. It also monitors the day-to-day management of these policies by means of oral and written questions to the Commission and the Council.

Foreign Ministers, who are responsible for European Political Cooperation, also answer MEPs' questions, giving them an account of their stewardship and briefing them on action taken in response to Parliament's resolutions on international relations and human rights. Parliament is briefed on the conclusions of each European Council by the President of the European Council.

Klaus Hänsch has been President of the European Parliament since July 1994.⁸

The European Council

The European Council evolved from the practice, started in 1974, of organizing regular meetings of Heads of Government of the Community (the Head of State in the case of France). The arrangement was formalized by the Single European Act in 1987. The European Council meets at least twice a year, and the President of the Commission now attends in his own right.

Initially, the idea was to formalize the summit meetings which have been held from time to time since 1961. As European affairs became more and more important in the political life of the Member States, it became clear that there was a need for national leaders to meet to discuss the important issues being examined by the Union. As a launch pad for major political initiatives and a forum for settling controversial issues blocked at ministerial level, the European Council soon hit the headlines, thanks to its high profile membership and its dramatic debates.

The European Council also deals with current international issues through the common foreign and security policy (CFSP), a mechanism devised to allow the Member States to align their diplomatic positions and present a united front.⁹

The UK had formed the European Free Trade Area in 1959 with Norway, Sweden, Denmark, Austria, Portugal, and Iceland. Finland joined as an associate member. However, it soon became apparent that the UK was in danger of becoming isolated from the economic and political heart of Europe. In 1961, the UK applied to join the EEC, and Ireland, Denmark, and Norway decided to follow, mainly because of their economic links to Britain. However, the UK application was vetoed by French President De Gaulle in 1963 and once again in 1968.

Another key event in the EEC's history during this period was the "crisis of the empty chair." The crisis occurred in 1965 when the French boycotted EEC institutions because of the Commission's proposal to move away from unanimity in Council voting to greater use of qualified majority voting. France objected also to the way that the proposal was introduced; it was delivered first to the European Parliament before being sent to the Council of Ministers. The crisis was resolved by an extraordinary meeting of the Council of Ministers held in Luxembourg rather than in Brussels. The so-called "Luxembourg Compromise" established the principle that, where very important national interests are at stake, unanimous

consent must be given by the Council of Ministers. Again, this was seen as a blow to the federalists who wanted to shift power to the Community and away from the Member States.

C. The Era of Europessimism

In 1967, the treaty merging the three communities -- the EEC, Euratom, and the ECSC -- came into force. Although juridicially the three communities continued to exist as separate entities, they now would share a common set of institutions, including the Parliament, the Council of Ministers, the Commission, and the Court of Justice.

The third phase of the EC's development ran from about 1967 to 1983. During this period the EC appeared to lose its sense of direction and dynamism. National protectionism became more prevalent, so that by the end of the period Community governments became concerned about high rates of unemployment and low rates of economic growth compared with the EC's two major competitors -- Japan and the United States. Also, there was the perception that Europe was lagging in terms of research and development, innovation, and competitiveness. Institutionally, this period saw a reassertion of national interests through the Council of Ministers while the guardian of Community interests -- the Commission -- saw its power decline relatively. According to Professor Pentland, "the period is best summed up by the fashionable phrases of the time -- Euro-pessimism and Euro-sclerosis. In fact, 'Euro' anything in this period became a term of opprobrium or so it seemed." (28:8)

The Hague Summit of EC leaders in December 1969 called for economic and political union, and the Paris Summits in 1972 and 1974 set the end of the decade as the deadline for achieving that goal. The Tindemans Report, worked out by Belgian Prime Minister Leo Tindemans, anticipated aspects of the Maastricht Treaty by advancing a plan for economic and monetary union and the implementation of a common foreign policy, among other items. However, once again federalists were disappointed when the plan failed because Member States were unable to agree on the constitutional structure and the necessary institutional reforms.

The departure from office of President De Gaulle in 1969 opened the way for the UK to join the EC. On 1 January 1973, the UK, Ireland, and Denmark were admitted to the Community; Norway declined membership after the question was defeated by a majority of 53.49% in a national referendum. The UK membership raised internal difficulties within the Community as the British, unhappy with their share of the financial burden, attempted to renegotiate the terms of their entry throughout this phase.

Although the EC failed to achieve political and monetary union in the 1970s, it did manage to introduce two measures to enhance cooperation in these fields. The first element was European Political Cooperation (EPC) in 1970, which established an instrument for foreign policy cooperation between Member States on a voluntary basis. The second element -- the creation of the European Monetary System (EMS) in 1979 as the result of a bargain between German Chancellor Helmut Schmidt and French President Valéry Giscard d'Estaing -- was meant to provide a zone of monetary stability in Europe. The Exchange Rate Mechanism (ERM) provided that countries must intervene in foreign exchange markets whenever a country's exchange rate deviated by more than $\pm 2\frac{1}{4}\%$ from its central rate. The system provided a period of relative monetary stability until the late 1980s.

At the Paris Summit in 1974, the EC heads of government decided to establish the European Council; thereby, they formalized their practice of holding meetings to decide issues which could affect or direct the course of European integration. Meetings of the European Council took place about three times a year until 1986; thereafter usually they were held twice a year except where an extra meeting was required because of an emergency. It was also agreed at the Paris Summit to institute direct elections to the European Parliament; in 1979 the first direct elections to the European Parliament brought 410 MEPs into office. On 1 January 1981, the EC underwent its second enlargement with the accession of Greece to the Community.

The Commission

The Commission is another key Community institution. A single Commission for all three Communities (the ECSC, the EEC and Euratom) was created when the Treaty merging the executives entered into force on 1 July 1967. The number of Commissioners was increased to 20 on 5 January 1995 (two each for France, Germany, Italy, Spain and the United Kingdom, and one each for the remaining countries). Commissioners are appointed by the Member States 'by common accord'. Under the Maastricht Treaty their term of office was extended to five years and their appointment has to be approved by Parliament.

The Commission enjoys a great deal of independence in performing its duties. It represents the Community interest and takes no instructions from individual Member States. As the guardian of the Treaties, it ensures that regulations and directives adopted by the Council are properly implemented. It can bring a case before the Court of Justice to ensure that Community law is enforced.

The Commission has sole right of initiative and can intervene at any stage in the legislative process to facilitate agreement within the Council or between the Council and Parliament. It also has an executive function in that it implements decisions taken by the Council - under the common agricultural policy, for instance. And it has significant powers in relation to the conduct of common policies in areas such as research and technology, development aid and regional cohesion.

The Commission can be forced to resign *en bloc* by a vote of censure in Parliament supported by a two-thirds' majority, but this has yet to happen.

The Commission is backed by a civil service, mainly located in Brussels and Luxembourg. It comprises 23 departments, called Directorates-General, each responsible for implementation of common policies and general administration in a specific area. In contrast to the secretariats of conventional international organizations, the Commission enjoys financial autonomy and has complete independence in exercising its prerogatives.

Federalists see the Commission as the embryo of a European government, accountable to a bicameral Parliament comprising the present European Parliament and a Senate of the Member States to replace the Council. Jacques Santer took office as President of the Commission in January 1995.¹⁰

D. The "Renaissance" Period

The fourth period, which Professor Pentland calls the "renaissance," began in 1984. The settlement of British grievances over the EEC budget was one positive element during the period. Another force encouraging internal cooperation among EC members was

10 *Ibid.*, p. 11.

the drift in European-American relations over the issue of the stationing of nuclear missiles in Europe.

In 1984, the federalist agenda was resurrected by a European Parliament that was “beginning to get the bit in its teeth.”(28:10) The Parliament produced a report that “insisted the only way the Community could go forward was to adopt a more federalist set of institutions, including a more powerful executive, more majority voting in the Council of Ministers, and a Parliament with real powers. The draft treaty on European Union went a long way before it sank. It had an important influence on the institutional design that followed.”(28:10)

However, the main factor contributing to European renaissance was probably the single market program. As noted earlier, the EC had become acutely aware in the 1970s and early 1980s of a decline in European competitiveness *vis à vis* the United States and Japan, particularly in the high technology field. Much of the reason for the problem, according to the Commission, was the EC’s balkanized internal market, which denied European businesses the economies of scale necessary to spread R&D and production costs. A study for the Commission, referred to as the Cecchini Report, concluded that removing internal trade barriers would add approximately 4.5% to the Community’s GDP; lower consumer prices by about 6.1%; and increase employment by 1.8 million people.

In 1985, the Commission presented a White Paper, entitled *Completing the Internal Market*, containing almost 300 proposals designed to eliminate by the end of 1992 impediments to the free movement of goods, services, capital, and people. The deadline took on greater significance as the single market program became known as “Europe 1992.” Completion of the internal market was a popular goal with EC members, including the UK, where it coincided with Prime Minister Margaret Thatcher’s free market philosophy. Nevertheless, implementation might have dissolved into endless debate had it not been for passage of certain provisions of the *Single European Act (SEA)* that amended the Treaty of Rome so as to permit the Council of Ministers to adopt by qualified majority voting most

directives affecting the establishment and functioning of the internal market. Exceptions to the qualified majority voting rule included measures relating to fiscal actions, free movement of persons, and the rights and interests of employed persons.

The Court of Justice

The Court of Justice, which sits in Luxembourg, comprises 15 judges appointed for a six-year term by agreement among the Member States, which select them 'from persons whose independence is beyond doubt'. The Court has two main functions:

- (i) to check the instruments enacted by the Community institutions for compatibility with the Treaties (a matter may be brought before the Court by one of the institutions, by a Member State or by members of the public if they consider that their rights have been violated);
- (ii) to give its opinion on the correct interpretation or the validity of Community provisions when requested to do so by a national court; if a question of this kind is raised in a case before a court or tribunal against whose decision there is no appeal, the Court of Justice *must* be asked to give a preliminary ruling.

The Court's judgments and interpretations are gradually helping to create a body of European law applicable Community-wide. In the area of Community law, its decisions take precedence over those of national courts. It has therefore played a decisive role in shaping the Community as we know it today.

In 1987 a Court of First Instance was set up to deal with administrative disputes within the institutions and disputes between the Commission and businesses over the Community's competition rules.¹¹

The SEA established also the principle of mutual recognition. This meant that, where human health and safety were not at stake, goods legally manufactured and marketed in one member country must be permitted free entry into other Member States. This rule had a major impact in helping to break down the EC's plethora of non-tariff internal trade barriers in the form of different national technical standards and specifications for products. Another key part of the SEA was the increased powers given the European Parliament. Under the so-called "cooperation procedure," if the Parliament votes to amend legislation proposed by the Commission, only a unanimous vote by the Council of Ministers can defeat such amendments.

11 *Ibid.*, p. 12.

The Court of Auditors

The Court of Auditors, set up by Treaty on 22 July 1975, has 15 members appointed for a six-year term by agreement among the Member States. Its role is to check that revenue is received and expenditure incurred 'in a lawful and regular manner' and that the Community's financial affairs are properly managed. Its findings are set out in annual reports, drawn up at the end of each year. The Maastricht Treaty gave the Court of Auditors the status of a Community institution, making it the fifth.¹²

Also in 1986, the EC completed its third enlargement when Spain and Portugal gained admission to the Community. The success of the single market program (including greater recognition of the goal of economic and social cohesion), combined with the favourable economic conditions worldwide and with greater consensus among the Member States, encouraged more ambitious integration plans. European integration received a major impetus from the collapse of communism and the reunification of Germany. The growing strength of Germany and the political instability on Germany's eastern borders persuaded EC Member States of the need for a common foreign and security policy and for cooperation in the fields of justice, asylum, and immigration.

The Economic and Social Committee

In EC and Euratom matters, the Council and Commission are assisted by the Economic and Social Committee. This consists of 222 members, representing the various categories of economic and social activity. It must be consulted before decisions are taken on a large number of subjects, and is also free to submit opinions on its own initiative.

Through the Economic and Social Committee, trade and industry and the unions are actively involved in the development of the Community.¹³

In December 1991, European Community leaders, meeting in the Dutch town of Maastricht, agreed in principle to the *Treaty Establishing the European Union* (TEU), better known as the Maastricht Treaty. This treaty provided the framework for closer economic and political union. Maastricht was the result of a year's work at two intergovernmental conferences, one on political union, the other on economic union.

12 *Ibid.*, p. 13.

13 *Ibid.*

Committee of the Regions

The Committee of the Regions, set up by the Maastricht Treaty, consists of 222 representatives of regional and local authorities appointed for four years by the Council on proposals from the Member States. It is consulted by the Council or the Commission in the cases specified by the Treaty, and it meets in Brussels.¹⁴

Dr. Gretchen MacMillan (Associate Professor of Political Science, University of Calgary) told the Committee that it was during these two intergovernmental conferences that it was agreed that the European Union would have "three pillars." The first pillar covers items which fall under the treaties that originally established the European Community in the 1950s, including amendments, like those leading to economic and monetary union. It also includes the instruments that changed the roles of the European Commission and the European Parliament. Dr. MacMillan explained that "this pillar is usually referred to as the supranational pillar because the decision-making framework is between the supranational institutions." (31:5)

European Union Or European Community?

The Maastricht Treaty, which entered into force on 1 November 1993, has established a European Union "founded on the European Communities supplemented by the policies and forms of cooperation established by this Treaty." It consists of:

- The *European Community* (EC), formerly the European Economic Community (EEC).
- The *European Coal and Steel Community* (ECSC).
- The *European Atomic Energy Community* (EURATOM).
- Intergovernmental cooperation in the fields of *common foreign and security policy* (CFSP), and *justice and home affairs*.

The European Union does not replace the European Community. Rather, the EC (along with the ECSC and EURATOM) is one pillar of the Union, the others being CFSP (sometimes known as the "second pillar") and justice and home affairs (the "third pillar"). European legislation is a matter for the Communities rather than the Union, which does not legislate. Unlike the EC, the European Union does not enjoy international legal personality: it may not, for example, enter into legal obligations, or send or receive legations.¹⁵

14 *Ibid.*

15 United Kingdom, Foreign and Commonwealth Office, *A Partnership of Nations, The British Approach to the European Union Intergovernmental Conference 1996*, London, March 1996, p. 4.

The same intergovernmental conferences agreed also to certain advances outside the framework of the supranational institutions. According to Dr. MacMillan, these changes, which are classified under the second and third pillars, “go to the heart of the nation state because they deal with internal and external security relationships.” (31:6) The second pillar relates to a common foreign and security policy; the third pillar relates to cooperation in the fields of justice and home affairs.

Dr. Peter Leslie (Professor of Political Studies, Queen’s University) told the Committee that the impetus for the Maastricht Treaty came from the interplay of four very large factors. First, the collapse of communism in Eastern Europe and the danger of upheaval on the EC’s borders raised the “need to facilitate the transition to a western-style political and economic system.” (31:17) Second, the reunification of Germany boosted that country’s political and economic weight within the Community. Thus, it became important that the new, larger Germany be bound even tighter within the EC’s political and institutional structure.

The third factor motivating the negotiation of Maastricht, according to Dr. Leslie, was the desire to advance the reform of the EC’s institutions, which had been begun under the *Single European Act* of 1986. The objective was to give the EC a more democratic political system but also one that was more effective in implementing policies involving the economy, social affairs, the environment, and so forth. In general, the idea was “to lay the basis for a fully federal state.”(31:18)

The fourth factor was the desire for monetary union, a desire which was especially strong in France. The Bundesbank’s rigorous monetary policy had made the Deutchmark the bell-wether European currency; consequently, other countries had been forced to follow along or face speculative pressure against their currencies. A European Central Bank was seen as a means of providing other countries with a seat at the table in determining European monetary policy.

E. European Integration Suffers a Setback

If the signing of Maastricht produced a wave of optimism on the part of European federalists, this was soon flattened by the ratification process.¹⁶ In June 1992, Denmark failed to approve the Treaty in a national referendum. In France, a country which has traditionally been a strong supporter of Europeanism, a referendum (September 1992) produced a bare majority. Denmark approved the Treaty in a second referendum in May 1993, but only after protocols were attached exempting Denmark from the defence component of the common foreign and security policy and from the adoption of the single currency.

In the summer of 1992, financial markets, reacting in part to the Danish referendum and the decline of support for Maastricht in French public opinion polls, created pressure on currencies within the European Monetary System. In September 1992, the British pound and the Italian lira suspended participation in the exchange rate mechanism. Continued pressure on a number of other currencies, including the French franc, the Danish krone, the Spanish peseta, and the Portuguese escudo, resulted in the exchange rate band being widened from $\pm 2\frac{1}{4}\%$ to $\pm 15\%$ in August 1993.

Maastricht's success has also been circumscribed by the United Kingdom's decision to attach a protocol to the Treaty giving it the right to "opt out" of EMU. The British government cannot move to stage three of EMU without a separate decision to do so by the British government and Parliament. The Member States also failed to obtain unanimity on the Treaty's social policy. The UK would not agree to the provisions respecting workers' rights; as a result, the social chapter was appended to the Treaty as a separate protocol rather than as an integral part of Maastricht, as had been intended.

With the entry into force of the Maastricht Treaty in 1993, the title of the European Economic Community was officially changed; thereafter it was the European

¹⁶ As outlined in Chapter VIII, Maastricht's burst of optimism was also dashed by the EU's inability to act decisively in the former Yugoslavia.

Community. At the same time a new entity, the “European Union (EU),” came into being. Subsumed under the EU are: the European Community; the European Coal and Steel Community; and the European Atomic Energy Community. In 1995, the EU widened further with the entry of Austria, Finland, and Sweden. Norway, which had been granted the right to accede, declined to join after the question had been defeated in a national referendum in November 1994. However, other countries are waiting in the wings to join the EU; these include Malta, Cyprus, Hungary, Poland, the Czech Republic, Slovakia, and various other central and eastern European countries.

The following chapters provide more detail on aspects of European integration that flowed out of the Maastricht Treaty: the introduction of economic and monetary union; the adoption of a common foreign and defence policy; the establishment of cooperation in the areas of justice and home affairs. The issue of EU enlargement is also discussed.

III. CANADA-EU TRADE AND INVESTMENT LINKS

A. Introduction

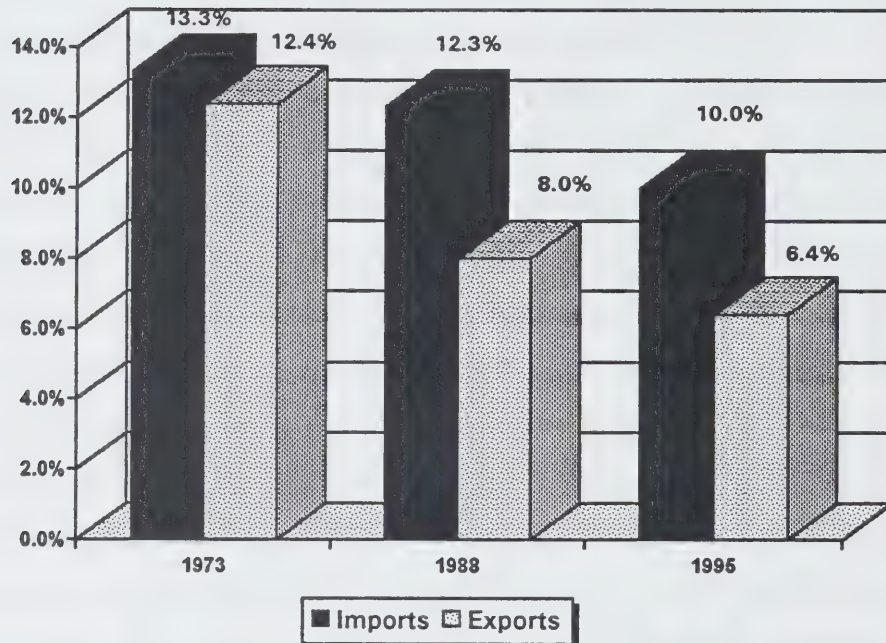
In 1995, Canadian exports of goods and services comprised 37% of Canadian GDP, making this country the most trade-dependent nation among the G-7, eclipsing even Germany in this regard. One reason why Canada is so trade-dependent is that it is situated next door to one of the world's largest markets, the United States. Yet across the Atlantic Ocean from Canada there exists a comparable market, that of the European Union, which has a population of 375 million and a GDP of US\$8.4 trillion (1995). This compares with the United States which has a GDP of US\$7.0 trillion and a population of 261 million people. The EU exported US\$1.5 trillion worth of goods in 1994 and imported a similar amount, accounting for 35% of total world trade. The EU is the world's largest exporter of services and the world's largest importer of goods. The EU is also one of the world's largest sources of foreign investment. The following sections examine Canada's commercial relationship with the world's largest economic entity.

B. Canadian-EU Merchandise Trade

When the Committee reported on Canada-European Community relations in 1973, the United Kingdom, Canada's largest trading partner in Europe, had just joined the Community.¹⁷ In that year, Canada shipped \$3.1 billion worth of merchandise to the nine-member European Community. This represented 12.4% of all Canadian exports (Chart 3.1). By 1988, Canadian merchandise exports to the enlarged 12-member European Community had risen to \$10.9 billion, but represented only 8.0% of Canadian exports. In 1995, despite the addition of three new members to the EU and sharp increases in exports to the major national markets in the EU, Canadian exports to the EU accounted for just 6.4% of all Canadian exports.

¹⁷ At one time, Britain was Canada's largest export market. Despite the introduction in 1919 by Britain of tariff preferences favouring Commonwealth countries, Canadian trade continued to shift toward a north-south axis. By the 1930s, the U.S. and Britain accounted for roughly the same quantity of exports; however, the U.S. had become the largest source of Canadian imports.

Chart 3.1
Canadian Merchandise Trade with the EU
 (as % of trade with all countries)



Source: Statistics Canada

In the case of imports, Canada purchased \$2.4 billion worth of goods in 1973, representing 13.3% of all imports. By 1988, Canada was importing \$16.1 billion in merchandise from the European Community, or 12.3% of total goods imports. In 1995, Canada bought \$22.6 billion worth of EU goods, accounting for 10.0% of all Canadian imports.

Table 3.1
Canadian Merchandise Exports by Country Grouping
 (in billions of Canadian dollars) (1988-1995)

	1988	1989	1990	1991	1992	1993	1994	1995
United States	\$98.1	\$98.7	\$105.5	\$103.3	\$118.7	\$142.5	\$173.1	\$196.2
Japan	\$8.8	\$8.8	\$8.2	\$7.1	\$7.5	\$8.4	\$9.6	\$11.9
Other Pacific Rim	\$8.1	\$7.4	\$7.3	\$8.0	\$7.6	\$7.3	\$9.2	\$12.9
European Union	\$10.9	\$11.5	\$11.7	\$11.1	\$11.2	\$10.6	\$11.3	\$15.9
All countries	\$134.9	\$134.8	\$141.7	\$138.5	\$154.5	\$177.6	\$213.3	\$247.7

Source: Statistics Canada

Table 3.2
Canadian Merchandise Imports by Country Grouping
(in billions of Canadian dollars) (1988-1995)

	1988	1989	1990	1991	1992	1993	1994	1995
United States	\$86.0	\$88.1	\$87.9	\$86.4	\$96.5	\$114.0	\$136.6	\$150.7
Japan	\$9.3	\$9.6	\$9.5	\$10.3	\$10.8	\$10.7	\$11.3	\$12.1
Other Pacific Rim	\$9.1	\$9.7	\$9.6	\$10.0	\$11.5	\$13.9	\$16.2	\$19.2
European Union	\$16.1	\$14.9	\$15.6	\$14.7	\$14.4	\$14.8	\$17.7	\$22.6
All countries	\$131.2	\$135.2	\$136.2	\$135.5	\$148.0	\$170.1	\$202.7	\$225.5

Source: Statistics Canada

Clearly, the growing dominance of Canada-U.S.A. trade flows in the last four or five years accounts for some of the decline in the relative importance of Canada-EU trade (Table 3.1). However, the decline in the relative importance of the EU as an export destination pre-dates the recent surge in Canadian exports to the United States. Indeed, as Table 3.1 shows, Canadian exports actually declined in *absolute* terms during the early 1990s. In 1995 Canadian exports to the EU rebounded by 41.3% over 1994. Even with the new members (Austria, Finland, and Sweden) factored out, exports to the EU still rose by 35.2% in 1995 over the previous year.

During the 1980s, imports from the EC actually rose as a proportion of imports from all countries. However, the early 1990s saw imports from the EC decline in both absolute terms and as a proportion of total imports.

As the EC exporters were losing share of the Canadian import market, Canadian exporters' share of the EC import market was eroding. Table 3.3 (Chart 3.2) shows Canadian exports' share of total EC imports from all outside countries. In 1988, Canadian exports represented 2.2% of the EU's imports from non-EU sources; by 1991, this share had declined to 1.9%, and by 1994 it was down to 1.7%. By comparison, the U.S. share of the EU import market was 17.3% in 1988, 18.2% in 1991, and 18.0% in 1994. While the US has managed to maintain or increase its share of the EU import market, Canada's share has declined since 1988.

What does this mean in terms of lost exports? If Canada had managed to maintain its share of the EU market at 2.2% (the 1988 level), this country would have exported about \$4.6 billion more merchandise to the EU in 1994. In rough terms, this would have meant about 50,000 more jobs for Canadians.¹⁸

Table 3.3
Shares of the European Union's Import Market

	1986	1988	1990	1991	1992	1993	1994
Canada	2.0%	2.2%	2.1%	1.9%	1.8%	1.6%	1.7%
United States	17.0%	17.3%	17.7%	18.2%	17.7%	17.4%	18.0%
Japan	10.1%	10.9%	10.2%	10.6%	11.0%	10.4%	9.3%

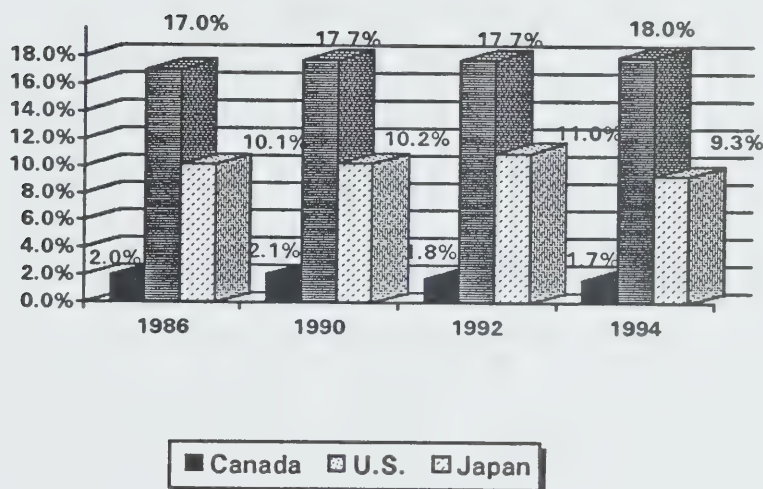
Source: Calculations based on data from: IMF, *Direction of Trade Statistics Yearbook*.

It is not yet clear whether the resurgence in Canadian exports in 1995 represents a reversal of this decline in Canada's share of the EC market. However, the data up to 1994 paint a less encouraging picture of Canada's trade performance with the EC than some have presented. Sir Leon Brittan acknowledged to the Committee that trade between Canada and the EU "has been in the doldrums" and that this was a major area of interest to the EU. He suggested that the situation should be examined with a view to doing something about it.

Several reasons have been given for Canada's slower export performance in Europe during the 1980s -- first, the Canadian dollar's exchange rate, and, second, the European recession in 1991-93. During the early 1980s, both the Canadian and U.S. dollars appreciated substantially against most world currencies, including the European currencies. Between 1980 and 1984, the Canadian dollar rose by 57% against the British pound, by 86% against the French franc, and by 41% against the German mark.

18 Rules of thumb for the number of jobs created by exports vary from 11,000 jobs per C\$1 billion of exports (Canadian government estimate) to the U.S. Department of Commerce estimate that every US\$1 billion in exports creates 25,000 jobs.

Chart 3.2
Shares of the EU's Import Market

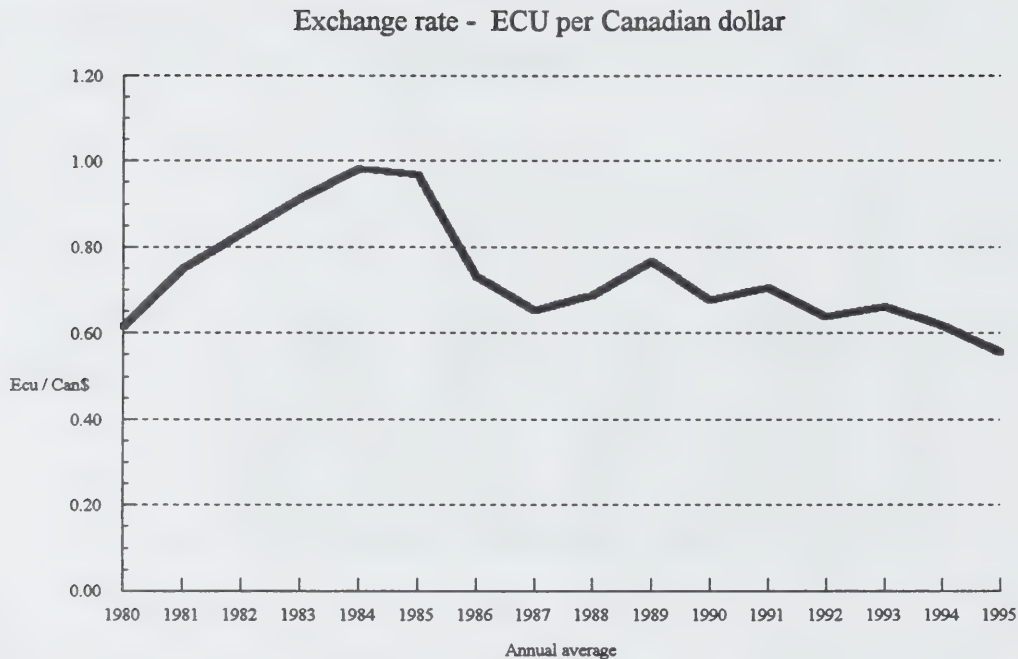


Source: IMF, *Direction of Trade Statistics Yearbook*.

In early 1985, the Canadian dollar began to depreciate against the European currencies (Figure 3.1). After the Plaza Accord, in 1985, the U.S. dollar began to depreciate steadily against most world currencies, including the Canadian dollar. Once again the Canadian dollar was pulled down against the European currencies. If not for tight Canadian monetary policy in the late 1980s, the Canadian dollar would have fallen further against the EU currencies.

Canadian exports to the EU might have responded better in the early 1990s to the Canadian dollar's depreciation if it had not been for the recession which hit Canada's largest European export market, Britain, in 1991-92, and which affected the other major European economies, those of Germany, France, and Italy in 1993. However, other countries' exports to the EU also should have been affected by the recession. Therefore, the European recession cannot explain why Canada's *share* of the EU import market declined.

Figure 3.1



Source: OECD and Library of Parliament, Research Branch.

One possible reason for this country's disappointing performance in exporting to Europe is that Canada is one of the few countries in the world which must export over the EU's full Common Customs Tariff. The Minister for International Trade, the Honourable Art Eggleton, told the Committee that Canada could better compete in the European market if there were "a level playing field with other countries already granted preferential entry." "Even after reducing tariffs under the Uruguay Round, the Union will still levy significant duties on such products as aluminum, copper and other non-ferrous metals, chemicals, telecommunications equipment, fish and consumer packaged-fish products, agricultural products, and wood products. Duties on these goods range from 3 to 10 per cent and up to 25 per cent for certain fish products." (3:6)

The Committee was told by Mr. Chris Albinson (Director, Government Relations, Newbridge Networks) that the EU tariff facing his company's telecommunications products had recently been revised upwards from 4.5% to 7.5%. He indicated that the EU tariff was an effort to protect indigenous European producers of telecommunications equipment, which had been lagging behind the technology of North American equipment. He

said that the "barrier is causing us to lose the advantage that we had by investing early. Removal of this tariff barrier would be a great asset in allowing us to compete."(30:16)

Non-tariff barriers are another hurdle which Canadian exporters must jump in order to gain access to the European market. Chris Albinson explained that product standards are a major issue in telecommunications. So far, North America and Europe have not agreed to recognize each others' safety requirement standards and electromagnetic emission requirements. "A company that is exporting to Europe must repeat its testing on all of its equipment. For a Canadian company, especially a small- or medium-sized one, it costs about \$40,000 per product per country to become certified. In the case of Newbridge, it would cost \$30 million to certify our products for sale into Europe."(30:15-16)

Despite problems with EU tariff and non-tariff barriers, Newbridge's sales of telecommunications equipment to Europe represent a significant share of the company's total sales. Sales to Europe are now surpassing those to the United States because Europe has just begun to liberalize its internal telecommunications markets, whereas the U.S. started this process in 1984. And, although Newbridge occupies a very small niche in the European market, the company's customers there include every major telecommunications carrier -- as well as numerous major corporations in Europe. In Mr. Albinson's view, the opportunity is immense for Canadian companies to play a part in the modernization of the European telecommunications infrastructure.

As shown above, there is room for improvement in Canada's export performance with the EU. Nevertheless, viewed as a single entity, the EU remains Canada's second largest merchandise trading partner. In 1995, forestry products (wood pulp, softwood lumber, newsprint and other paper) accounted for \$4.6 billion (29.0%) of Canadian exports to the EU. However, fabricated products and finished goods now also comprise a major share of Canadian exports to Europe. Together, industrial goods and machinery and equipment (including iron and steel and non-ferrous metals, transportation equipment, and industrial machinery) accounted for \$8.2 billion (51.5%) of exports to the EU.

Table 3.4
Canadian Exports to the EU by Country and Commodity Grouping
(in millions of Canadian dollars) (1995)

	Germany	France	UK	Italy	Other EU	Total EU
Agricultural & Fishing Products	197.0	182.8	317.3	178.1	1,104.3	1,979.5
Energy Products	0.3	31.2	83.9	83.1	98.9	297.4
Forestry Products	1,203.5	475.7	905.2	866.3	1,166.8	4,617.5
Industrial Products	585.7	400.1	1,325.1	379.8	1,809.3	4,500.0
Machinery & Equipment	921.5	681.4	961.2	224.7	916.5	3,705.2
Automotive Products	107.1	15.6	21.3	8.8	89.0	241.8
Consumer Goods	132.9	88.5	120.1	26.5	180.2	548.2
Special Transactions	2.4	12.3	13.8	0.3	8.0	36.8
Total	3,150.3	1,887.5	3,747.7	1,767.5	5,373.0	15,926.8

Source: Statistics Canada, *Canadian International Merchandise Trade*, December 1995.

Canada's major national export markets within the EU are the UK, Germany, France, and Italy.¹⁹ Canadian exports experienced strong export growth in all these major national markets in 1995. One trend which should be noticed is the rising level of exports to Germany. If this trend continues, Germany soon will overtake the UK as Canada's largest customer for merchandise exports in the EU.

Table 3.5
Canadian Imports from the EU by Country and Commodity Grouping
(in millions of Canadian dollars) (1995)

	Germany	France	UK	Italy	Other EU	Total EU
Agricultural & Fishing Products	139.4	360.2	258.4	233.1	520.0	1,511.1
Energy Products	16.2	18.0	1,487.9	14.6	184.5	1,721.2
Forestry Products	9.1	1.0	2.8	17.4	19.0	49.4
Industrial Products	1,210.9	747.3	1,113.9	846.2	1,796.5	5,714.7
Machinery & Equipment	2,292.8	1,319.7	1,722.2	1,453.3	1,895.8	8,683.9
Automotive Products	609.0	81.4	198.7	76.4	514.5	1,480.0
Consumer Goods	466.2	546.4	604.8	598.4	933.5	3,149.1
Special Transactions	57.6	50.8	81.4	30.9	42.7	263.3
Total	4,801.0	3,124.7	5,470.1	3,270.3	5,906.5	22,572.8

Source: Statistics Canada, *Canadian International Merchandise Trade*, December 1995.

¹⁹ According to Statistics Canada data, Canada exported more merchandise to Belgium in 1995 than to Italy. However, these data should be treated with some skepticism. Since the EU is a customs union, goods can move freely throughout the union and the point of entry for exports need not coincide with their final destination. For example, the Port of Antwerp in Belgium serves as the point of entry for goods destined for a number of European countries, thus inflating apparent Canadian trade with Belgium.

As Table 3.5 indicates, imports from the EU tend to be finished or semi-finished goods such as machinery and equipment (38.5%); industrial products (25.3%); and consumer goods (14.0%). The UK remains Canada's chief source of imports from the EU, accounting for 24.2% of all Canadian imports from the EU; Germany accounts for 21.2% of imports from the EU; and Italy is Canada's third largest import source, representing 14.5% of total imports.

C. Canada-EU Services Trade

Canada-EU services trade also figures prominently in the bilateral commercial relationship. In 1995, Canada exported \$6.0 billion in services to the EU and imported \$7.6 billion worth in return -- mainly in the form of travel and business services (Table 3.6). These amounts represented 17.1% of total Canadian services exports and 17.2% of total services imports. In 1995, Canada sold \$2.3 billion worth of business services, including financial services, computer services, and transportation services. In that year, Canadians purchased from the EU about \$2.6 billion in business services, including financial services, transportation-related services, and films and broadcasting services.

Table 3.6
Canada's Services Trade with the European Union
(in billions of Canadian dollars)

Type of Service	1994			1995		
	Exports	Imports	Balance	Exports	Imports	Balance
Travel	\$2.1	\$2.8	-\$0.7	\$2.6	\$3.4	-\$0.8
Freight & Shipping	\$0.7	\$0.8	-\$0.2	\$0.9	\$1.0	-\$0.1
Business Services	\$1.9	\$2.5	-\$0.6	\$2.3	\$2.6	-\$0.4
Gov't transactions	\$0.1	\$0.4	-\$0.3	\$0.1	\$0.4	-\$0.3
Other services	\$0.1	\$0.1	0	\$0.1	\$0.1	0
Total services	\$4.9	\$6.7	-\$1.8	\$6.0	\$7.6	-\$1.6

Source: Statistics Canada, *Canada's Balance of International Payments*, Fourth quarter 1995.

D. Canada-EU Investment Links

There are also substantial investment links between Canada and the EU. At the end of 1995, Canadians had \$55.1 billion invested in the 15 EU countries and their securities

(including direct investment, stocks, bonds, and other assets), of which \$27.9 billion was direct investment.²⁰

The EU is the second most important destination for Canadian direct investment abroad (CDIA). In the last ten years CDIA in the EU has grown both in absolute terms and relative to other foreign destinations. In 1985, 12.7% of CDIA was in EU countries; in 1995 this share had risen to 19.6% of all CDIA (Chart 3.3). Sectorally, the largest share of Canadian direct investment in the EU in 1995 was found in finance and insurance (\$6.4 billion); metallic minerals and metal products (\$4.4 billion); communications (\$4.3 billion); and food, beverage, and tobacco (\$3.6 billion).

A number of prominent Canadian companies have invested heavily in the European market, including: Alcan Aluminium Ltd., Bata Industries Ltd., Bombardier Inc., Bank of Nova Scotia, Cascades Inc., Hiram Walker and Sons Ltd., Hollinger Inc., Husky Injection Molding Systems Ltd., McCain Foods Ltd., Moore Corporation, Northern Telecom, Royal Bank of Canada, Seagram Company Ltd., Speedy Muffler King Inc., and TeleGlobe Inc.

Canadian companies invest in the European market for several reasons. One reason is a need for companies to have manufacturing and/or service facilities close to the market. The Committee was told in Frankfurt by representatives from several Canadian companies, including Husky Injection Molding Systems Ltd. and Speedy Muffler King Inc., that the key to their success in the German market has been their ability to provide their customers with a superior level of service.²¹

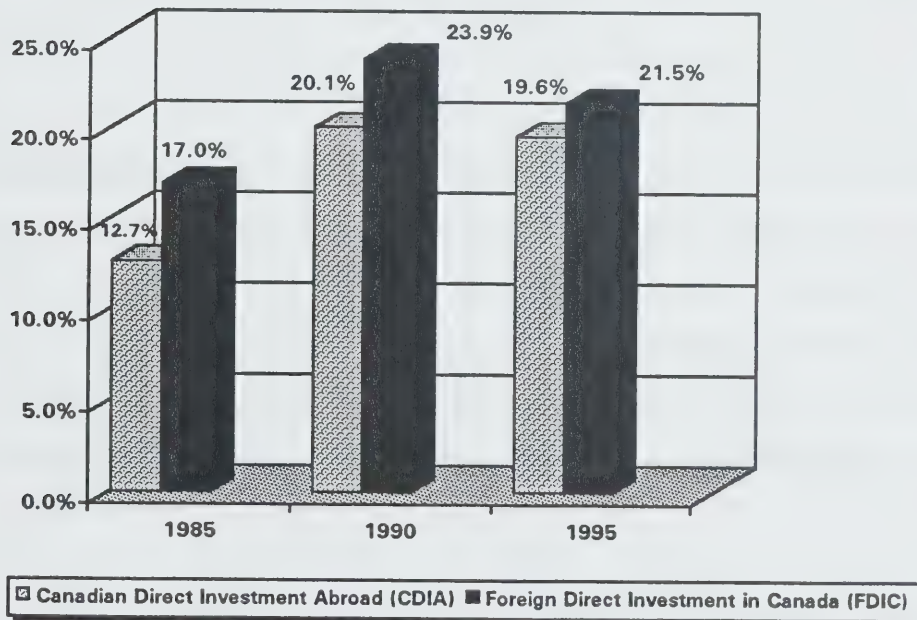
A second reason for investing in the European market may be to jump the EU Common Customs Tariff. As explained earlier, EU tariffs remain quite high in a number of sectors. For example, the existing 6% EU duty on aluminum is a hurdle which Alcan finds difficult to jump and consequently a lot of the company's aluminum production is sold in

20 A "direct investment" is one in which the investor may exercise some influence over the management of the company. Statistics Canada defines a direct investment as one in which ownership amounts to at least 10% of the equity of an enterprise and that covers claims intended to remain outstanding for more than one year.

21 The Committee was told that the level of service provided by German firms was inferior to that usually offered in North America. This has given Canadian and U.S. firms an edge in the German market.

North America rather than in the European market. The Committee was told by Mr. Roger Scott-Taggart (Director, Business Analysis, Alcan Aluminium Ltd.) that, over the past five years, his company had spent \$1.1 billion in Europe, mainly in Germany. He explained that the European operations represent roughly one-third of Alcan's worldwide business activity. Mr. Andrew DeSchultess (Director, Government Relations, Alcan Aluminium Ltd.) said that there are big growth opportunities in Europe and that Alcan had established significant manufacturing facilities to pursue those markets.

Chart 3.3
Direct Investment Between Canada and the EU
 (as a proportion of direct investment with all countries)



Source: Statistics Canada, *Canada's International Investment Position*

Table 3.7
Canada's Assets with the European Union
(in billions of Canadian dollars)

	1985	1987	1989	1991	1993	1995
Direct investment	\$7.3	\$10.9	\$15.7	\$21.6	\$23.2	\$27.9
Portfolio bonds	\$0.3	\$0.4	\$0.6	\$1.5	\$2.9	\$4.7
Portfolio stocks	\$1.0	\$2.7	\$2.8	\$4.4	\$5.9	\$8.3
Other assets	\$8.2	\$9.9	\$10.8	\$11.4	\$12.2	\$14.3
Allowances	-\$0.4	-\$1.0	-\$0.9	-\$0.3	-\$0.3	-\$0.2
Total	\$16.3	\$22.9	\$28.8	\$38.7	\$44.0	\$55.1

Source: Statistics Canada, *Canada's international investment position*, 1995.

Canadian investment in EU portfolio bonds increased from \$0.3 billion in 1985 to \$4.7 billion in 1995. This represented an increase from 6.0% in 1985 of all foreign bonds held by Canadians to 25.0% in 1995. Canadian investment in EU portfolio stocks rose from \$1.0 billion in 1985 (or 6.4% of all foreign stocks held by Canadians) to \$8.3 billion (13.0%) in 1995.

At the end of 1995, EU residents had \$159.2 billion invested in Canadian businesses and securities. Of this amount, \$36.2 billion was direct investment, accounting for 21.5% of total foreign direct investment in Canada (FDIC), making the EU the second largest source of FDIC. The major part of EU direct investment in Canada is found in finance and insurance (\$10.3 billion); food, beverage and tobacco (\$5.9 billion); energy (\$4.5 billion); chemicals and textiles (\$4.4 billion); and construction and related activities (\$2.4 billion).

Table 3.8
Canada's Liabilities with the European Union
(in billions of Canadian dollars)

	1985	1987	1989	1991	1993	1995
Direct investment	\$15.4	\$21.3	\$27.8	\$31.2	\$31.7	\$36.2
Portfolio bonds	\$26.5	\$31.3	\$36.9	\$52.5	\$65.3	\$79.6
Portfolio stocks	\$1.9	\$1.5	\$1.3	\$1.0	\$0.8	\$1.5
Other liabilities	\$3.7	\$6.0	\$10.9	\$31.6	\$45.2	\$42.0
Total	\$53.9	\$68.8	\$90.9	\$116.4	\$143.0	\$159.2

Source: Statistics Canada, *Canada's international investment position*, 1995.

Over the last ten years, there has been a significant increase in EU direct investment in Canada both in absolute and proportionate terms. In 1985, EU direct investment was 17.0% of all FDIC. By 1995, the EU's share of FDIC had risen to 21.5%.

The Minister for International Trade, the Honourable Art Eggleton, told the Committee that Canada is the home to over 4,000 subsidiaries of European companies. Many of these companies hold regional or global mandates for research and development or manufacturing, and they export into other markets from their Canadian base. These European subsidiaries "act as important channels for transfer of management expertise and advanced technologies to Canada." (3:5)

The proportion of Canadian portfolio bonds held by EU investors has not changed markedly over the last ten years despite a tripling of the total amount of EU holdings. In 1985, EU investors held 23.7% of all Canadian portfolio bonds held abroad; by 1995, this share had risen only slightly to 24.1%. The explanation for this stable relative share is that the total value of bonds issued by Canadian governments and corporations and held abroad also tripled over the period -- up from \$111.9 billion in 1985 to \$329.8 billion in 1995.

Canadian portfolio stocks appear to have limited appeal to EU investors. Indeed, as Table 3.8 indicates, the amount actually declined in absolute terms during the late 1980s and early 1990s. In 1985, EU investors held 12.6% of all Canadian portfolio stocks held by foreigners; by 1995 this proportion was down to 4.6%.

An important characteristic of Canada-EU investment links is the geographic distribution within Europe. Roughly one-half of all Canadian investments in the EU are in the UK, and one-half of EU investments in Canada originate in the UK. Up until 1993, direct investment from the UK exceeded direct investment from all other EU countries. This changed in 1994 when FDIC from the UK (\$15.7 billion) was surpassed by FDIC from the other EU countries (\$16.0 billion).

In 1995, the value of portfolio holdings of Canadian bonds by UK investors, which amounted to \$32.5 billion, was exceeded by the \$47.1 billion held by investors from other EU countries. However, UK investors appear much more willing to invest in Canadian short-term securities than are other EU investors. In 1995, UK investors purchased \$10.0 billion in portfolio money market instruments, most of which are issued by Canadian governments, while other EU investors held \$2.1 billion in these securities.

In 1995, for the first time, Canadians owned more direct investment in other EU countries (\$14.1 billion) than in the UK (\$13.8 billion). On the other hand, Canadians preferred investing in portfolio bonds in the UK (\$3.5 billion in 1995) than in other EU countries (\$1.2 billion). Canadian portfolio holdings of stocks were more likely to be held with the UK (\$4.9 billion) than with other EU countries (\$3.4 billion).

E. Conclusion and Recommendation

The Committee believes that more study is needed to ascertain (a) in which industries Canada is losing its share of the EU import market and (b) where its share is improving. We note that industry studies of this kind have been carried out by Statistics Canada on trade patterns between Canada and the U.S.²² The results of these studies, which were presented to the Committee by Mr. Jacob Ryten, Assistant Chief Statistician, indicated *inter alia* which Canadian manufacturing industries had been gaining U.S. market share and which industries had lost market share.

22 Statistics Canada, *Trade Patterns: Canada-United States, The Manufacturing Industries, 1981-1991*. Catalogue 65-504 Occasional.

The Committee recommends that Statistics Canada undertake a study of Canada-European Union (EU) trade patterns to discover in which sectors of the EU market Canada is losing import market share and where this country is gaining a larger share of the EU market. The study would also show how Canada's major competitors are faring in the EU import market. The general purpose of the study would be to provide data on the performance of Canadian exports in various import sectors. When compared with information on EU trade barriers by sector, this might help to explain the performance of Canadian merchandise exports in the EU market. The study would also be used to sharpen Canada's export promotion strategy for the EU market.

IV. MAJOR CANADA-EUROPEAN UNION IRRITANTS

A. Introduction

In the previous chapter we outlined the size of the two-way commercial relationship between Canada and the European Union -- goods and services trade of \$52.1 billion and direct investment links of \$64.1 billion. Given the scale of the relationship, it is not surprising that some bilateral irritants have arisen. What is troublesome is that some of these seem to remain unsolved for relatively long periods of time.²³ Further, even when a dispute, such as that involving fisheries, appears to have been resolved, it may resurface again disrupting Canada-EU relations. The fisheries dispute also illustrates the predicament for Canada in dealing with a bloc of countries like the European Union, which operates on the basis of solidarity. A dispute over a single issue affecting the interests primarily of a single Member State, in this case Spain, automatically affects negatively relations with the entire European Union. As will be pointed out later, this problem is likely to be compounded in the future as the EU takes in more members.

B. Canada-EU Fisheries Disputes²⁴

On 9 March 1995, Canadian authorities boarded and seized the Spanish vessel *Estai*, which was fishing in international waters off the coast of Newfoundland in an area where fishing activities are regulated by international agreement. This incident touched off the worst dispute in the history of Canada-EU relations. At the time, Sir Leon Brittan (Commissioner for Multilateral Trade and Relations with Developed Countries) stated that the dispute "will inevitably continue to have repercussions well outside the fisheries sector Many in the EU were shocked by Canada's disregard for international law and by its apparent willingness to resort to gunboat diplomacy... . It is in the interests of those who wish to advance our relationship to face up to the fact that the effect of this dispute will be to reduce European enthusiasm for any further opening up to Canada for the time being."²⁵ On the

23 See Chapter VII for information on the resolution of Canada-European Union disputes respecting EU enlargements.

24 This summary does not exhaust all the factors involved in the Canada-EU fishing dispute.

25 Sir Leon Brittan, *Speech*, Ottawa, 2 May 1995.

other hand, some EU countries, such as Germany and the UK, expressed understanding for Canada's action.

Canada-EU fisheries relations had been deteriorating since the late 1980s because of overfishing. This overfishing in the NAFO²⁶ Regulatory Area caused Canada in 1988 to begin prohibiting EC fishing vessels from entering Canadian waters and ports. After the EC changed its policy and decided to abide by NAFO quotas decisions, Canada negotiated a bilateral *ad referendum* agreement on fisheries in December 1992. Part of that agreement would have permitted EU fishing boats access to Canadian ports. Although the EC ratified the agreement, Canada did not do so because of on-going violations of NAFO conservation measures by EC vessels.

In May 1994, the Canadian Parliament passed Bill C-29, which amended the *Coastal Fisheries Protection Act* to provide the Canadian government with the "legal authority to make regulations for the conservation on the high seas of straddling stocks that exist both within the Canadian 200-mile limit and in the adjacent high seas area beyond the 200-mile limit."²⁷ Most importantly, the legislation provided for the use of force, if necessary, to arrest vessels that were violating NAFO quotas either inside or outside the 200-mile limit.²⁸ Although the government said that stateless and flag-of-convenience vessels constituted the major threat to the conservation of straddling stocks, other categories of vessels, including those flying the colours of EU countries, were not exempted from the provisions of Bill C-29.

The March 1995 incident involving the Spanish arose over a dispute about the quantity of Greenland halibut, or turbot, being caught by EU boats near Canadian waters and over the nature of the equipment being used to catch these fish. In February 1995, NAFO allocated to the EU 3,400 tonnes out of the 27,000 tonne total allowable catch of turbot. The EU made use of the existing NAFO objection procedure and unilaterally established a quota of

26 The Northwest Atlantic Fisheries Organization (NAFO) is the organization charged with regulating Atlantic fishing in international waters.

27 Government of Canada, *News Release*, "Canada Takes Action to End Overfishing," May 10, 1994, p.1.

28 It was this provision of the legislation that gave rise to the charge by the EU that Canada was applying its laws extraterritorially.

18,630 tonnes. After the Council of the European Union rejected a 60-day moratorium on turbot fishing proposed by Prime Minister Chrétien, Canada seized the Spanish fishing vessel, *Estai*. On 26 March 1995, the net warps of another Spanish fishing vessel, the *Pescamaro Uno*, were cut by the Canadian Coast Guard after Spanish vessels had refused to withdraw from the area while negotiations were conducted on the issue of fish quotas.

On 15 April 1995, Canada and the EU came to an agreement on the conservation and management of fish stocks that straddle Canada's 200-mile limit. That agreement provides for enhanced surveillance and increased inspections, verification of gear and catches, new minimum fish size limits, and the size of catches. Under the agreement, the EU was permitted to catch 5,013 tonnes of turbot from mid-April 1995 to the end of the year. In September 1995, NAFO established turbot quotas in line with the agreement reached in April between Canada and the EU.

In the spring of 1996, more than one year after the two sides had agreed on fish quotas, Canada-EU relations appeared to have begun to approach normalcy. However, the Committee was informed repeatedly by officials in Europe that there still was a residue of ill feeling in some countries. Indeed, the turbot dispute had temporarily delayed the start of negotiations on a Canada-EU Action Plan.²⁹ In addition, Canada's failure to ratify the 1992 *ad referendum* agreement has remained a source of irritation for the EU. On 31 May 1996, the Canadian government announced that it was opening Canadian ports to EU fishing vessels, thus eliminating part of the EU's complaint. Canada's move seemed to open the way for ratification of the Canada-EU Action Plan. However, as outlined in Chapter X, resentment over Canadian actions against Spanish fishing vessels in March 1995 has put on hold indefinitely the achievement of the Action Plan.

C. Classification of Sea Scallops

In March 1993, the French Government introduced a new labeling regulation for sea scallops, restricting the use of the label "Coquille St-Jacques" or "Noix de Coquille St-

Jacques” to the genus known as “pecten.” Canadian scallops, which are of the genus “Placopecton,” were required to bear the designation “pétoncle” rather than the more prestigious St-Jacques label. French consumers associate the “St Jacques” name with a large, high-quality scallop, while the “pétoncle” is considered to be a small, low-quality product, which commands a lower price.

Following GATT consultations, in December 1993, France modified the regulation to permit Canadian scallops to use the label “St-Jacques” (with the scientific name in brackets) until the end of 1995. Subsequently, the French amended the regulation to require, beginning in January 1995, that the appellation “petoncle” be added to the label and that the use of the St-Jacques name be prohibited as of January 1996. WTO consultations took place in June 1995 and a dispute settlement panel was established in July 1995. The panel held meetings in October and December 1995 and in February 1996. After that, Canada and the EU continued their discussions.

On 25 June 1996, the Canadian government announced that Canada and the European Union had reached agreement concerning the labelling of Canadian scallops exported to France. Under this agreement, Canadian scallops, as well as others sold in France, are now permitted to be labelled “Saint-Jacques,” along with the particular species name.

D. The EU Fur Ban

In 1991 the European Community approved a regulation which, starting on 1 January 1995, would have banned the use of jaw-type leg-hold traps in the Member States. The regulation also required that for all 13 species listed in the legislation, countries exporting furs to the EU either ban leg-hold traps or begin observing humane trapping standards by 1 January 1995. However, at the present time, no internationally-agreed standard exists for humane trapping. Subsequently, the EC changed the interpretation of the regulation so as to ban entirely the use of leg-hold traps. In June 1994, the timetable for commencing the ban on imports from countries that failed to meet this regulation was extended to 1 January 1996.

Canada has been concerned about the impact of the import ban on its fur industry. The annual harvest of raw wild furs amounts to about \$25 million,³⁰ with many aboriginal communities relying on the industry for their livelihood. Including the value added by garment makers, the fur industry contributes hundreds of millions of dollars to the Canadian economy and employs over 100,000 persons.

Prime Minister Chrétien raised the issue with European leaders, and Canadian ministers presented the Canadian position to their EU counterparts; the EU was asked to delay the introduction of the import ban until international humane trapping standards had been established. Canada has made it clear that if an acceptable solution cannot be found it will launch a WTO complaint.

On 22 November 1995, the EU Commission proposed to delay until 1 January 1997 the introduction of the import prohibition. However, the European Parliament opposed any further delay. In January 1996, the Netherlands government imposed unilaterally a ban on the import of all furs from animals caught in leg-hold traps.

This Committee was told by Ken Collins (President of the Environment Committee, European Parliament) that the Parliament has not been happy with the way that the Commission has dealt with the fur import issue. According to Mr. Collins, new legislation banning the importation of furs caught in leg-hold traps will be introduced and is expected to pass during the Irish presidency, that is, between July 1 and December 31 1996.

E. Pinewood Nematode (PWN)

Since July 1993 EU plant regulations have required that all softwood lumber imports from Canada (except cedar) must be certified to be either kiln-dried or heat-treated. The regulations are designed to prevent the introduction into Europe of the *Monochamus* beetle from Canadian lumber. In accordance with WTO rules, in July 1995 the EU Commission submitted a Pest Risk Assessment (PRA). After reviewing the PRA, a panel of scientists established by Canada concluded that the report had overstated the risk of the

pinewood nematode being introduced into the EU. Also, the PRA did not provide an economic impact analysis, and, the Canadian government contends that there are inconsistencies with regard to other points agreed upon in a Canada-EU-U.S.A. technical report of 1993.

Canada has proposed the introduction of a stronger visual inspection program to ensure that Canadian lumber exports are free of the pinewood nematode. The visual inspection program is to be presented to the Plant Health Committee in Brussels which will take place in mid-June 1996. At stake, are the \$300 million in annual lumber exports to the EU, which have been denied access over the past three years.

F. Geographical Indications for Wines and Spirits

In the Uruguay Round Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), the EU was successful in placing "geographical indications" on the agenda for multilateral trade negotiations. However, the EU was not successful in getting certain outside countries, including Canada, to require their wine producers to stop using certain EU-origin names, especially champagne, port, and sherry.

The EU strategy for getting non-member countries to comply has been to pursue bilateral negotiations with other wine-producing nations, such as Australia, Hungary, Chile, and Argentina. In return for protecting EU-origin appellations, these countries are offered access to the EU market. For its part, Canada would like the EU to provide protection for Canadian whiskey against trademark infringement, but the Canadian government believes that the two issues should be kept on separate negotiating tracks. Canada's position is that it has met its obligations under the TRIPs agreement with recent revisions to the *Trade Marks Act*.

V. ECONOMIC AND MONETARY UNION

A. Introduction

In July 1990, the European Union launched the first stage of a three-part plan to introduce a single currency and a common monetary policy for the Union. It is widely recognized that economic and monetary union (EMU) will confer economic gains as well as imposing costs on the Member States involved. However, much less attention has been paid to how EMU will affect outside countries, such as Canada. This section of our report begins by sketching the origins and key elements of the EMU plan. It is suggested that, although there may be some slippage in the 1999 deadline for entering EMU's final stage, the leaders of Germany and France are committed to achieving ultimately the goal of monetary union in Europe. We conclude that the Canadian government ought to be cognizant of the potential effects of EMU on the exchange rate of the Canadian dollar, on trade and investment patterns between Canada and the EU, and on the balance of power in international economic policy coordination forums, such as the G-7.

B. The Werner Report

The idea of European monetary cooperation is not new. In 1950, the European Payments Union was established to serve as a clearing system for international transactions between member countries.³¹ In 1969, at the Hague Summit the EC members took the first steps toward economic and monetary union. The Summit asked a group of experts headed by Mr. Pierre Werner, Prime Minister of Luxembourg, to examine the possibility and make recommendations. The Werner Report, released in 1970, set out a three-stage plan for the achievement of an economic and monetary union among the six EC members by 1980. The plan was endorsed by the EC Council of Ministers in March 1971, and implementation began one year later.

31 The EPU allowed members to use bilateral claims against certain trading partners to offset debts to other countries thereby economizing on scarce foreign exchange reserves. The EPU was successful in relieving the dollar shortage and it allowed members to liberalize trade more quickly with each other. The payments system was disbanded in 1958 when a number of member countries announced that they would make their currencies convertible.

The plan's first step involved introducing a system of quasi-fixed exchange rates. Fluctuations between pairs of currencies were to be kept within a band of $\pm 2\frac{1}{4}\%$ of each other. When either country's currency reached the limit of its fluctuation band, that country's central bank was to intervene.³² Currencies began falling out of the joint European exchange rate arrangement after the U.S. dollar was floated in 1973, thus allowing the "snake" to fluctuate widely against the dollar.³³ Although certain Werner Report recommendations were implemented, such as the establishment of the European Monetary Cooperation Fund to defend weak currencies, the Report's broad agenda for economic and monetary union was abandoned.

C. The European Monetary System

At the 1978 Summit held in Bremen, Germany, EC leaders endorsed a plan put forward by French President Valéry Giscard D'Estaing and German Chancellor Helmut Schmidt to create a "zone of monetary stability" in Europe. Schmidt's goal was to prevent the D-mark from appreciating excessively against the currencies of its major trading partners.³⁴ The French government favoured fixed exchange rates in principle, but saw that the previous "snake" arrangement had been dominated by Germany through the Bundesbank. A new monetary arrangement controlled by EC institutions, the French believed, would solve this asymmetry problem by providing France with greater influence on exchange rate policy.

Introduced in March 1979, the new regime, called the European Monetary System (EMS), borrowed some of the elements of the "snake" arrangement. The key element of the EMS was the exchange rate mechanism (ERM), under which each member was

32 This system, known as the "snake in the tunnel," allowed EC countries' exchange rates to fluctuate against one another within a relatively narrow band of $\pm 2\frac{1}{4}\%$ (the snake) while moving together against the U.S. dollar within the wider band of $\pm 4\frac{1}{2}\%$ (the tunnel) which had been established by the 1971 Smithsonian Agreement.

33 The other event which eroded the "snake" was the first oil price shock in 1973. As the oil price hike worked its way through the system, national economic performances began to diverge with respect to both inflation and unemployment.

34 The Carter Administration's failure to control inflation was weakening the U.S. dollar and generating a "flight to quality." The result was a D-mark appreciation, not only against the dollar, but also against the other European currencies.

A Brief Chronology of EMU

October 1970	Final Report by Werner Committee
March 1971	Council endorses achievement of economic and monetary union by 1980
March 1972	European "snake" established, surrounding bilateral EC exchange rates by narrow band
April 1973	European Monetary Cooperation Fund established
July 1978	Bremen meeting of European Council endorses plan for European Monetary System
March 1979	European Monetary System begins to operate
February 1986	Signing of <i>Single European Act</i> aimed at completing internal market by 1992
June 1988	Hanover meeting of European Council establishes Delors Committee
April 1989	Delors Committee publishes report on EMU
June 1989	Madrid meeting of European Council agrees that Stage One of EMU will start on July 1, 1990
December 1989	Strasbourg meeting of European Council calls for intergovernmental conference to design subsequent stages
July 1990	The first stage of EMU begins
October 1990	Rome meeting of European Council, with UK dissenting, agrees that Stage Two will start on January 1, 1994
December 1990	Beginning of intergovernmental conferences on EMU and political union
December 1991	Maastricht meeting of European Council adopts Treaty on European Union
June 1992	First Danish referendum rejects Maastricht Treaty
September 1992	Britain suspends participation in EMS; Italy suspends participation in EMS; French referendum approves Maastricht Treaty
May 1993	Second Danish referendum approves Maastricht Treaty
August 1993	EMS fluctuation band is widened from $\pm 2\frac{1}{4}\%$ to $\pm 15\%$
November 1993	Maastricht Treaty enters into force
January 1994	The second stage of EMU begins with the establishment of the EMI ³⁵

obligated to keep within a band of $\pm 2\frac{1}{4}\%$ of the central rate between its own and every other currency. Effectively, therefore, the exchange rate for each pair of currencies could deviate by a maximum of $4\frac{1}{2}\%$. When a country's currency reached the upper or lower limit of its fluctuation range both governments were supposed to intervene in foreign exchange markets.

Another EMS feature was the creation of the European Currency Unit (ECU), comprised of a basket of EC currencies weighted according to the EU members' economic size. The ECU was supposed to assume a central role in the EMS. Although it never acquired the intended importance as a reserve asset, the ECU did become an important unit of

35 Peter Kenen, *Economic and Monetary Union in Europe: Moving beyond Maastricht*, Cambridge University Press, 1995, Cambridge, UK, p. 4.

account in private financial markets. Frequently, governments, EC institutions, and corporations have issued ECU-denominated securities, banks hold ECU deposits, and ECU-denominated claims can be settled by means of an international clearing system.

When the EMS was established in 1979 all existing EC members joined the system.³⁶ However, in a move that anticipated Maastricht 12 years later, Britain did not agree initially to participate in the ERM component. British authorities argued that fixing the exchange rate would restrict national monetary policy independence and would jeopardize the pound's role as a petrocurrency and an internationally-traded currency.³⁷ However, in October 1990, the British pound did join the ERM, albeit with a wider, $\pm 6\%$, fluctuation band. Over the ERM's 14-year existence, 19 currency realignments have been required, most of these occurring in the early period. Indeed, there were no realignments between January 1987 and mid-1992. Then, in September 1992, higher German interest rates put pressure on the weaker currencies, forcing the Italian lira and the British pound out of the ERM.³⁸

Before the fall of 1992, therefore, the ERM had worked remarkably well, gradually becoming a fixed system of exchange rates. Increasingly, however, the ERM was becoming a *de facto* D-mark zone, with the Bundesbank determining monetary policy for all member countries. By fixing their exchange rates to the D-mark, other European countries supposedly were able to "borrow credibility" from the Bundesbank, with lower national inflation and reduced interest rates as results. Yet the asymmetric nature of this fixed exchange rate system was not entirely satisfactory to all ERM participants. It became clear that the only way for most of the countries to gain some control over their own monetary policy, while maintaining a system of fixed exchange rates, was to establish an independent European central bank. The 1991 Annual Report of the Banque de France summarized this

36 Italy was a member from ERM's beginning but the lira had a $\pm 6\%$ fluctuation band.

37 Horst Ungerer *et al.*, *The European Monetary System: Developments and Perspectives*, IMF Occasional Paper No. 73, Washington D.C., November 1990, p. 4.

38 Another factor that helped to trigger the September 1992 currency crisis was the erosion of support for the Maastricht Treaty. In June 1992, Denmark rejected the Treaty in a referendum; subsequent opinion polls showed also that the support of the French public for Maastricht was slipping. (Peter Kenen, *Economic and Monetary Union in Europe: Moving Beyond Maastricht*, Cambridge University Press, 1995, p. 159).

position as follows: "Only collective management of a single currency inside a well-balanced and independent institution will allow France to participate fully in the European monetary decision-making process and provide the best guarantee for the exercise of national monetary sovereignty."³⁹

It was argued also by some, notably the EC Commission, that the benefits of the single market could not be fully realized unless the exchange rate risks and transactions costs were eliminated.⁴⁰ Another concern was that the removal of capital controls under the single market program would permit speculative capital movements to destabilize the ERM's system of quasi-fixed exchange rates or to interfere with national monetary policy. Free trade, full capital mobility, fixed exchange rates, and independent monetary policy were described as an "inconsistent quartet" of policy objectives. "In the long run, the only solution to the inconsistency is to complement the internal market with a monetary union."⁴¹

D. The Delors Report

At this point, the process towards economic and monetary union was already underway. In June 1988, European leaders requested that a team of experts be established under the chairmanship of the European Commission President, Mr. Jacques Delors, to study ways and means of achieving economic and monetary union (EMU). The Delors Report, presented to the Madrid Summit in June 1989, set out a detailed plan to reach the goal. At the Summit, it was decided that Stage 1 of EMU would begin in July 1990. In November 1990, the Committee of the Governors of the European Central Banks drew up draft statutes for the proposed European Central Bank.

39 Wilhelm Nöbling, *Monetary Policy in Europe after Maastricht*, St Martin's Press, New York, 1993, p. 127.

40 Michael Emerson *et al.*, *One Market, One Money, An Evaluation of the Potential Benefits and Costs of Forming an Economic and Monetary Union*, Oxford University Press, 1992.

41 T. Padoa-Schioppa, "The European Monetary System: A Long Term View," in Giavazzi, Micossi, and Miller, eds., *The European Monetary System*, Cambridge University Press, Cambridge, 1988, p. 376.

When European leaders met in Maastricht, the Netherlands, in December 1991, the plan set forth in the Delors Report, as modified by the work done at the intergovernmental conference on EMU, became part of the Treaty on European Union.

Under Stage 1 of the plan, which went into effect on 1 July 1990, member countries were: (a) to remove the remaining controls on money transactions and capital movements, (b) to achieve closer coordination of their economic and budgetary policies, and (c) to encourage greater cooperation between European central banks.

Stage 2 of EMU began on 1 January 1994 with the establishment of the European Monetary Institute (EMI) in Frankfurt, Germany. The EMI has three main objectives: (1) strengthening the coordination of monetary policies with the aim of ensuring price stability; (2) making preparations for the European System of Central Banks, for the conduct of a single monetary policy, and for the creation of a single currency; and (3) overseeing the development of the ECU and the smooth functioning of the clearing system.

Another major task of the EMI is advising on which countries meet the EMU entry requirements -- called "convergence criteria" -- respecting government debt, budget deficits, inflation, interest rates, and exchange rate stability. The EMI is not to be the final arbiter of which countries meet the criteria (this will be decided at a summit meeting of leaders of Member States in 1998), but, along with the Commission, it issues periodic progress reports on the criteria.

Stage 3 of EMU is scheduled to begin on 1 January 1999 at the latest. The Maastricht Treaty provides that EMU may begin earlier if a majority of countries meet the convergence criteria and the European Council decides to allow them to proceed. If, by the end of 1997, another date for commencement of stage 3 has not been set, EMU's third stage will begin on 1 January 1999.⁴² On that date, participating countries' exchange rates will be irrevocably locked at agreed conversion rates, and the "Euro" will be used for settling

42 The Madrid EU leaders' summit in December 1995 confirmed that 1 January 1999 will be the start date for Stage 3 of EMU.

interbank accounts. At that time, the European Central Bank (ECB) will begin conducting monetary policy for the EMU members. In the year 2002, the "Euro" will be issued to the public in the form of banknotes.

E. The EMU Convergence Criteria

The Maastricht Treaty establishes five main criteria that Member States must fulfill if they are to participate in the third stage of EMU. These relate to price stability, government deficits, government debt, interest rates, and exchange rates. According to Mr. John Murray (Chief, International Relations Department, Bank of Canada), the idea behind these criteria is two-fold: "First, one could think of it as a type of initiation; that it was proof that the members were serious in their commitment and were worthy of membership. It is a bit like the entry into a fraternity -- in other words, prove your worth and resolve."(31:12)

Second, and more importantly, the convergence criteria are intended "to ensure that, to the greatest extent possible, the economies were in alignment -- at least at the start of the union -- and therefore in a position to guarantee the successful launch of the union -- again to the extent possible. These criteria are really directed toward eliminating macro-economic imbalances and tensions among the potential members."(31:12)

1. Price Stability

In order to enter the final stage of EMU, a Member State's average rate of inflation, measured in the year before the union is initiated, must not exceed by more than 1½ percentage points that of the three best-performing Member States.

2. Interest Rates

A Member State's long-term interest rate cannot exceed by more than 2 percentage points that of the three Member States with the best performance in terms of price stability.

3. Public Deficits

At the time of examination, the Member State's general government deficit (including deficits at all levels of government) should not exceed 3% of GDP. However, there is some flexibility in the way that this test is interpreted. A deficit-to-GDP ratio above 3% may not be excessive where the ratio "has declined substantially and continuously" and has reached a level close to 3%. Alternatively, the ratio may not be excessive where the amount over 3% is "only exceptional and temporary."

4. Public Debt

At the time of examination, the Member State's general government debt should remain within 60% of GDP. Again, a ratio above the reference level may be acceptable where it is diminishing and is approaching the (60%) reference value "at a satisfactory pace."

5. Exchange Rates

A Member State may not join the final stage of EMU if its exchange rate has moved outside the normal fluctuation margins provided for by the EMS during the preceding two years without severe tensions for at least two years before the examination.⁴³

F. Meeting the Convergence Criteria

The Treaty provides that, if by the end of 1997, another beginning date for Stage 3 has not been set, then the third stage will start on 1 January 1999.⁴⁴ The Madrid EU leaders' summit in December 1995 confirmed that 1 January 1999 will indeed be the start date for Stage 3. Before 1 July 1998, the Heads of State or Government will decide, on the basis of a qualified majority, which Member States have met the convergence criteria necessary to enter the final stage of EMU. This means that the decision on whether or not to proceed will

43 In August 1993, the ERM's fluctuation margins were widened from $\pm 2\frac{1}{4}\%$ to $\pm 15\%$. This change has raised questions about whether the Maastricht criterion requires EMU applicants to meet the ERM's previous narrow fluctuation margin or whether respecting the new, wider margins is sufficient.

44 *Treaty Establishing the European Community*, Title VI, Chapter 4, Article 109.

have to made on the basis of economic data for 1997. Opinions differ as to how many countries are likely to meet the criteria at that time.

The IMF predicts, in its latest publication of *World Economic Outlook*, that, if the criteria are strictly enforced, most EU countries, including France and Germany, will fail to meet the 3% deficit/GDP target in 1997. Also, the latest OECD economic forecasts, released on 21 May 1996, also showed that France and Germany would miss the deficit-to-GDP target established by Maastricht. (However, the latest plans announced by France and Germany to make further budget cuts were not factored into the OECD forecast.) If the IMF and OECD views are correct, it would mean that EMU would not proceed on schedule.⁴⁵

A more optimistic view has been put forward by the European Commission. A Commission report released on 15 May 1996 indicates that seven Member States might meet the deficit/GDP criteria in 1997. The report recognized that economic growth in the Community had slowed towards the end of 1995 and that the unemployment rate had started edging up in November 1995. However, the Commission predicted that economic activity in the Community would rebound in the second half of 1996 and gradually strengthen in 1997.

Based on these forecasts and on policy measures already adopted or announced by national governments, the Commission expects that only Denmark, Ireland, and Luxembourg will achieve a budget deficit below 3% of GDP in 1996, as they did in 1995. (See Table 5.1) Thereafter, budget deficits are expected to decline in all member countries except two -- Germany (where the deficit may approach 4% of GDP) and the Netherlands (where it may reach 3.5% of GDP). It is expected that this group of three countries (with deficits below 3% of GDP) will be joined by Germany, France, the Netherlands, and Finland in 1997.

As Table 5.1 shows, most countries that are expected to meet the 3% deficit target (with the possible exception of the Netherlands) are also anticipated to reach, or approach, the 60% debt to GDP goal. With respect to the other convergence criteria --

45 The Committee was told by Bundesbank officials that EMU will not start unless France and Germany are participants.

inflation rates, exchange rates, and interest rates -- all countries, which are expected to meet the budget deficit target, also will meet these requirements. The sole exception is Finland, which would not qualify under the exchange rate criteria because it is not an ERM member at the present time.

The political difficulty of meeting EMU's budget criteria cannot be underestimated. Germany's unemployment rate was 10.4% in April 1996, while France's rate touched 11.9% in March. Further budget cuts would have a contractionary effect on their economies and could exacerbate these already high unemployment rates. French budget cuts necessary to meet the criteria sparked strikes and riots in France in December 1995, and there are signs of labour unrest in Germany due to government budget measures. Professor Detlev Karsten (Bonn University) told the Committee that he believed that EMU probably will be postponed because high unemployment rates argue for an expansionary, rather than a contractionary, fiscal policy.

Whether or not EMU proceeds on schedule may depend on how strictly the convergence criteria are interpreted. As stated earlier, the Maastricht Treaty does provide some leeway in evaluating excessive deficits and debt. Specifically, the Treaty's provision permits deficits above 3% where the excess is "exceptional and temporary." The IMF has suggested that this phrase should be interpreted to allow for cyclical changes to the deficit. In other words, the 3% ceiling would apply only to the cyclically-adjusted, or structural, deficit. According to IMF calculations, every EU country other than Greece and Italy would qualify if only structural deficits were counted.⁴⁶

46 "Economic and Monetary Union: How to shift the goal-posts," *The Economist*, April 20, 1996.

Table 5.1
Prospects for a 1998 Decision on EMU Starting in 1999 (An Unofficial Prognosis Using Forecast Data)
Italics and bold means country will meet criterion on 1 January 1999 according to forecasts
(EU Leaders to Decide in 1998 on EMU) (updated 20 May 1996)

Criteria	Deficits		Debt		Inflation		Exchange Rates		Current LT Interest Rates ³	
	Total Government Balance (Deficit-to-GDP ratio below 3%)	Gov.'t Balance-to-GDP: ratio in 1996	Gov.'t Balance-to-GDP: ratio in 1997	Debt-to-GDP ratio below or falling steadily towards 60%	Inflation rate less than 1.5% above average of 3 best Member States	Forecast criteria for 1998: 3.1% ^{4,5}	In ERM for 2 years without devaluing	LT Interest Rates in: 1995 (EMI Annual Avg.)	LT Interest Rates less than 200BP over average of 3 best Member States	Forecast criteria for 1998: 7.7% ⁴
Belgium	-3.2	-3.7	132.2	130.6	2.0	1.8	<i>ERM Member</i> ²	7.5	LT Interest Rates in: 1995 (EMI Annual Avg.)	
Denmark	-0.9	-0.6	71.0	68.7	1.8	2.4	<i>ERM Member</i>	8.3		
Germany	-3.9	-2.9	61.5	62.4	1.6	1.6	<i>ERM Member</i>	6.8		
Greece	-8.1	-6.9	111.8	111.4	8.3	7.0	Non-member	17.3	LT Interest Rates in: 1995 (EMI Annual Avg.)	
Spain	-4.8	-3.7	67.8	68.0	3.6	3.2	Devalued ERM rate 3/95	11.3		
France	-4.2	-3.0	56.1	57.3	1.8	1.6	<i>ERM Member</i>	7.5		
Ireland	-2.0	-1.6	81.3	77.3 ¹	2.3	2.4	<i>ERM Member</i>	8.3	LT Interest Rates in: 1995 (EMI Annual Avg.)	
Italy	-6.3	-5.2	124.5	122.8	4.1	3.5	Non-Member	12.2		
Lux.	0.7	0.3	6.2	6.8	1.7	2.1	<i>ERM Member</i> ²	7.6 ²		
Netherlands	-3.5	-2.9	79.4	78.7	1.9	2.0	<i>ERM Member</i>	6.9	LT Interest Rates in: 1995 (EMI Annual Avg.)	
Austria	-4.6	-3.1	72.4	73.9	2.1	1.6	<i>ERM Member</i>	7.1		
Portugal	-4.4	-3.7	72.2	71.8	3.1	3.0	Devalued ERM rate 3/95	11.5		
Finland	-3.3	-1.6	62.5	63.2	1.0	1.5	Non-member	8.8	LT Interest Rates in: 1995 (EMI Annual Avg.)	
Sweden	-5.2	-3.1	80.8	79.6	1.7	2.5	Non-member	0.2		
UK	-4.4	-3.7	55.5	56.2	2.7	2.5	Non-member	8.3		
EU (15)	-4.4	-3.4	73.9	74.3	2.6	2.4			LT Interest Rates in: 1995 (EMI Annual Avg.)	
Canada	-3.1	-2.0 ⁶	97.3	95.7 ⁷	1.4	1.7 ⁸		8.4 ⁹		

1. Ireland exempted from debt criteria under Art. 104(2)(B). 2. Luxembourg and Belgium share a currency. 3. As DGII no longer publishes LT interest rate forecasts in its public forecasts, we use 1995 annual averages from the EMI 1995 Annual Report. 4. Forecast criteria based on forecast figures above. 5. Inflation is DGII's "Deflator of Private Consumption," which is to be used as the Maastricht criterion. 6. OECD Forecast (Dec. 1995 - *Economic Outlook*). 7. OECD Forecast (debt calculation differs from basis used in Commission forecast). 8. Conference Board of Canada, Spring 1996, *Canadian Outlook*. 9. Government of Canada 10-Year Bond yield. Source: Prepared by DFAIT based on European Commission (DGII) Spring 1996 Economic Forecasts (15 May 1996). The 1997 "Scenario" figures are based on "adopted or clearly announced in sufficient detail" policies.

Among EU Member States, Germany has been, perhaps, the strongest advocate of the need for strict adherence to the convergence criteria. In fact, in December 1995, the German Minister of Finance, Theo Waigel, proposed tightening the fiscal criteria by introducing a "stability pact" for Europe. Under the pact, Member States moving to EMU would reduce their budget deficits to 1% of GDP during normal periods of economic growth.

The German government's belief in the need for strict adherence to the convergence criteria is held also by officials at the Bundesbank. Mr. Johann Wilhelm Gaddum (Vice-President, Bundesbank) told the Committee that there is "nothing magic" about the selection of these particular budget criteria (3% deficit/GDP; 60% debt/GDP). Nevertheless, he emphasized that these criteria are necessary to prevent excessively expansionary fiscal policy that could give rise to a clash between monetary and fiscal policy. Countries with large government deficits, he argued, would be sensitive to changes in monetary policy; these countries should not be allowed to influence monetary policy, interest rates, and the exchange rate.

Recent statements by Mr. Gaddum in the press appear to signal that the Bundesbank is prepared to be somewhat more flexible about the way that the convergence criteria are interpreted. "The success of monetary union, after all, certainly will not be decided alone on the figure behind the decimal point for this or that criteria, but rather on the fiscal culture that is established in that society."⁴⁷

G. The ECB's Mandate and Powers

Six months before the start of EMU, the European Central Bank will be established. The ECB, together with the central banks of the Member States, will comprise the European System of Central Banks (ESCB). The national central banks are the ECB's shareholders, with subscriptions allocated according to national economic and population weights. The national central banks will carry out the instructions and follow the guidelines

47 "Ease terms for money, banker asks", *The Globe and Mail*, Saturday, May 11, 1996, p. A5A.

set out by the ECB. The national central bank governors will comprise the ECB's Governing Council while the day-to-day operations will be controlled by the Executive Board.

Johann Wilhelm Gaddum told the Committee that the exercise of monetary policy by the ECB will be governed by four important criteria: (1) complete independence from political interference; (2) a commitment to the goal of price stability; (3) all financial instruments are available to carry out monetary policy; (4) complete freedom from any requirement to finance fiscal deficits.

1. ECB Independence

The ECB is to set a standard for independence from interference by governments. Indeed, as a former President of the Bundesbank, Karl Otto Pohl, told the Committee, the ECB will have the same independence as the central bank of Luxembourg and more independence than the Bundesbank. The bank's independence is prescribed explicitly in the ECB's mandate.

Article 107 of the *Treaty Establishing the European Community* reads: "When exercising the powers and carrying out the tasks and duties conferred upon them by this Treaty and Statute of the ESCB, neither the ECB, nor a national central bank, nor any member of their decision-making bodies shall seek or take instructions from Community institutions or bodies, from any Government of a Member State or from any other body. The Community institutions and bodies and the governments of the Member States undertake to respect this principle and not seek to influence the members of the decision-making bodies of the ECB or of the national central banks in the performance of their tasks."⁴⁸

In one important way the ECB will be more independent than any national central bank. In the case of a national central bank, such as the Bundesbank or the Bank of Canada, the legislature ultimately can control the Banks' powers and duties by amending the

48 Article 107.

institution's governing legislation.⁴⁹ The ESCB's statute, however, cannot be changed without the amendment of the relevant protocol to the Maastricht Treaty, which would require the unanimous approval of the Member States. Some observers have cited this as another example of the EU's democratic deficit and have called for the European Parliament to be given the right to initiate, and perhaps to enact, amendments to the ESCB statute.

2. The Price Stability Goal

The primary objective of the ECB is to be to promote price stability. Without prejudice to that goal, however, the ECB "shall support the general economic policies in the Community." These include "... balanced development of economic activities, sustainable and non-inflationary growth respecting the environment, a high degree of convergence of economic performance, a high level of social protection, a high level of employment and of social protection, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member States."⁵⁰

3. Monetary Policy Instruments

The ECB and the national central banks are to have access to a full range of instruments for conducting monetary policy. These instruments include control of accounts at the ECB of market participants, open market operations, and control over minimum reserve requirements for credit institutions. The ECB's Governing Council, on the basis of a two-thirds majority, may also decide on the use of "other operational methods of monetary control as it sees fit." In order to carry out exchange rate policy, the ECB will have access to some of the international reserves of the national central banks. Finally, the ECB may issue regulations "to ensure the efficient, and sound clearing and payment systems within the community and with other countries."⁵¹

49 In the case of the Bank of Canada, the legislation doesn't have to be changed in order to force a change in Bank policy. Since 1967, the *Bank of Canada Act* has contained a provision that permits the Minister of Finance to issue a directive to the Governor of the Bank if the government disapproves of Bank policy.

50 *Treaty Establishing the European Community*, Article 2.

51 *Treaty Establishing the European Community*, Protocol (No. 3) on the Statute of the European System of Central Banks and of the European Central Bank, Chapter IX, Article 22.

4. The “No Bail-Out” Clause

Article 104 of the Treaty,⁵² which Bundesbank Vice-President Gaddum referred to as the “no bail-out clause,” prohibits the ECB and the national central banks from purchasing the debt of, or granting credit to, central governments, regional or local authorities, or public entities. This provision is designed to prevent governments from using the central bank system to cover government deficits by printing money.

H. The Benefits of EMU

1. Lower Transaction Costs

There is no doubt that the cost of converting one currency into another can be substantial for the individual traveller. One example cited is that of an individual, starting with £100, travelling throughout the EU. After visiting each EU country, changing the entire amount of money in each country, that person would arrive home with only £50, the rest having been consumed by commissions and differential exchange rates. A European Commission study estimates that the weighted average of banknote conversion costs for individuals amounts to 2.5% of the amount traded.⁵³ Corporations generally conduct larger foreign currency transactions, and can pay as little as 0.05% for amounts in excess of ECU 5 million.

The Commission study estimates that the total transaction-costs savings from introducing a single currency would likely vary between 0.1% and 0.2% of GDP for most Member States, but could amount to as much as 0.9% of GDP for small, open, and less-developed economies. Total annual currency conversion costs saved from moving to a single currency are estimated at more than ECU 15 billion (US\$18.6 billion), or about 0.4% of Community GDP.⁵⁴

52 *Treaty Establishing the European Community*, Article 104.

53 Michael Emerson *et al.*, *One Market, One Money, An Evaluation of the Potential Benefits and Costs of Forming an Economic and Monetary Union*, Oxford University Press, 1992, p. 65.

54 *Ibid.*

2. Reduction in Exchange Rate Variability and Uncertainty

Exchange rate variability for currencies keeping within the ERM fluctuation bands has not been large, so the incremental effect from moving to a single currency under EMU would not be significant for these countries. Furthermore, studies have not turned up a robust link between suppression of exchange rate variability and increases in international trade. One explanation may be that traders can offset risk by diversifying their currency portfolios and by means of hedging in forward markets.

Another potential gain from introducing a single currency may flow from reducing uncertainty for investors. The Commission study estimates that a reduction in the risk premium that firms have to pay on equity would greatly increase investment. For example, a reduction in the risk premium of only 0.5 percentage points could raise EU economic output by 5%-10% in the long run.⁵⁵

3. Enhancing Price Stability

The Commission study argues that inflation involves substantial economic costs, although these are difficult to measure. Microeconomic theory suggests that an inflation rate of 10% that is fully anticipated leads to direct welfare losses of between 0.1% and 0.3% of GDP.⁵⁶

Higher rates of inflation are usually associated with greater inflation rate variability and, therefore, greater unpredictability. It is suggested that unanticipated inflation has a much stronger adverse effect than anticipated inflation. Unanticipated inflation leads markets (presumably after the first surprise) to build an inflation risk premium into interest rates. Also it can lead to distortions in the price system if relative prices do not remain constant. Highly variable inflation also keeps output away from equilibrium as economic actors take time to adjust their expectations to the new price level.

55 However, even the Commission study admits that the empirical evidence is "weak" concerning the impact of exchange rate variability on investment. (Emerson *et al.*, *One Market, One Money*, 1992, p. 83).

56 *Ibid.*, p. 89.

It is argued that if the ECB follows a credible monetary policy, such as that pursued by the Bundesbank, the costs of inflation should be reduced for EMU members. There is no guarantee that the European Central Bank will perform as well as the Bundesbank, but the ECB would be independent from instructions from national government bodies and it has a statutory mandate to maintain price stability.

4. Public Finance

As outlined earlier, EMU will require governments to meet certain fiscal targets in order to qualify for entry to Stage 3. After Stage 3 of EMU has commenced, member governments will still have to avoid excessive deficits and debts or face possible penalties.⁵⁷ These rules, demanding fiscal discipline, it is argued, will bring gains through reductions in interest rates, as premiums for inflation and exchange rate risk are eliminated.

5. Completion of the Internal Market

This argument states that monetary union is a necessary prerequisite for the completion of the internal market.⁵⁸ The elimination of capital controls under the single market program will give rise to speculative attacks on currencies, thus threatening the EMS exchange rate regime. While fixed exchange rates, it is argued, are incompatible with free movement of capital, flexible exchange rates are deemed by EU policy-makers to be unacceptable.⁵⁹ The only way to avoid speculative currency pressures without imposing capital controls, according to this view, is to form a monetary union with a single currency. The Committee was also told by European central bankers that EMU would help complete the

⁵⁷ Article 104(c) of the *Treaty Establishing the European Community* provides that the Council, on the basis of an opinion by the Commission, may recommend that a Member State take measures to correct an excessive deficit. If the Member State fails to take corrective action, the Council may apply certain penalties including: withdrawal of lending to the Member State by the European Investment Bank; requiring the Member State to make a non-interest bearing deposit with the Community until the excessive deficit has been corrected; and imposing fines on the Member State.

⁵⁸ Whether or not these arguments by supporters of EMU are valid is debatable. The point here is not to evaluate the validity of these arguments but merely to present them as clearly and concisely as possible since they have been used to justify proceeding with EMU.

⁵⁹ One reason appears to be that flexible exchange rates disrupt the common agricultural policy which supports the domestic currency prices for agricultural commodities.

EU internal capital market, producing deeper European financial markets to compete with those in the U.S.

I. The Costs of EMU

1. Loss of an Independent National Monetary Policy

At the start of Stage 3 of EMU, individual exchange rates will be irrevocably locked and the ECB will begin conducting a single monetary policy for the entire EMU area. What are the implications for national economic stabilization policy?

John Murray (Chief, International Relations, Bank of Canada) explained that, under the theory of optimum currency areas, “different economic regions and countries are suited for different exchange rate arrangements. Some of them are similar enough with respect to the shocks that hit them and their economic objectives, that they form a natural or optimum currency union. Others are so disparate or different in terms of the shocks that hit their economy and again, their economic objectives, perhaps, that they are not likely or natural partners for a currency union. Therefore, the test on an agreement for Europe is the extent to which the various nations satisfy the criteria of: ‘Are they natural partners?’”(31:11)

According to John Murray, research done by the Bank of Canada indicates that countries in the centre of Europe are very similar and would seem to form a natural partnership. However, the farther you travel from the centre, the “more unlikely the match.”⁶⁰ The Bank of Canada study cited by Murray reached the following main conclusion: “relative to U.S. regions, most European countries are facing highly asymmetrical supply and real demand shocks. This is particularly true for the peripheral countries (Greece, Italy, Norway, Portugal, and Sweden), which may find the transition period leading to monetary union fairly costly in terms of increased variability in output and employment. In fact, the only countries that are closely associated with the common European component of supply and

⁶⁰ Similarly, Canada’s regions are sometimes out of phase economically. Periodically, the Bank of Canada has been accused of establishing a national monetary policy that serves the economic needs of Central Canada but does not take into account different economic conditions occurring in Atlantic Canada or the West.

real demand shocks are Germany and Switzerland. Consequently, even countries belonging to the intermediate group (Austria, Belgium, France, the Netherlands, Spain, and the United Kingdom) may face significant costs by joining the monetary union."⁶¹

If most EU economies react so differently to economic shocks, how can they adjust to an external shock? For example, suppose international demand declines for a country's exports, resulting in an increase in unemployment. The most important mechanisms that can substitute for an exchange rate devaluation include: (1) domestic price and wage adjustments; (2) interregional migration; (3) interregional flows of private and public capital; and (4) interregional fiscal transfers.⁶²

If real wages in EMU countries are flexible downwards, unemployment need not increase from a negative output shock, such as a decline in demand for a country's exports. However, evidence shows that European wages have less tendency than Canadian or U.S. wages to decline in response to unemployment.

A rise in unemployment in one country can be offset also without an independent monetary policy if labour moves freely from the country with high unemployment to the low unemployment country. However, studies indicate that this is not a viable option for European countries where labour mobility between countries is fairly low because of cultural and linguistic barriers.⁶³

Capital flows are not yet as mobile between EU member countries as they are within the United States. However, capital mobility within the EU will improve after economic and monetary union eliminates exchange rate risk.

61 Nick Chamie *et al.*, *Optimum Currency Areas and Shock Asymmetry: A Comparison of Europe and the United States*, Working Paper 94-1, Bank of Canada, January 1994, p. 24.

62 Barry Eichengreen, *Should the Maastricht Treaty be Saved?*, Princeton Studies in International Finance, No. 74, December 1992, p. 16.

63 Although labour mobility is greater within EU countries than between them, internal mobility is still low by U.S. standards. (Eichengreen, *Should the Maastricht Treaty be Saved?*, 1992).

With respect to interregional fiscal transfers, the EU's budget (1.2% of GDP) is too small in relation to economic output to offset a significant demand or supply shock.

2. Fiscal Constraints

If exchange rates and monetary policy are no longer available as stabilization tools, more weight falls on fiscal policy to offset economic shocks. The Maastricht Treaty does not restrict public spending; governments can still spend as they see fit, but they will have to raise most of what they spend through taxation because Article 104 of the Treaty constrains the levels of permissible government deficits and debt. Consequently, the ability to react to unexpected economic downturns by means of Keynesian-style deficit spending may be hampered by the Maastricht restrictions on deficits.

Another type of constraint may become more evident as the EU capital market becomes more integrated. Studies indicate that the government budget constraint is tightened when capital is highly mobile and exchange rates are fixed (or under monetary union). The higher the level of capital mobility, the more likely it is to flee from high-tax jurisdictions to those with lower tax rates. Evidence from the United States suggests that state and local governments are rationed out of the capital markets when their debt ratios reach a certain level, thereby forcing a degree of tax-rate convergence.⁶⁴

The constraints on national fiscal policy have led some to argue for a new form of fiscal federalism at the EU level. The EU already transfers resources under the structural funds program, but these are not intended to offset temporary economic disturbances. Rather, they are transferred to regions where incomes are *persistently* below the EU average. Also, as noted earlier, the EU budget's scale, at 1.2% of GDP, is too small to handle meaningful stabilization payments.

64 *Ibid.*, p. 26.

3. The “Ins” and the “Outs”

It now seems that some EU countries — Italy, Belgium, Spain, Portugal, and Greece perhaps — may not be able to meet the convergence criteria by 1998. Moreover, other countries, such as the UK, Denmark, and perhaps Sweden, may choose to remain outside the EMU area.⁶⁵ This has raised concerns by countries that intend to join the single currency -- the “Ins” -- that those outside EMU -- the “Outs” -- will undertake competitive devaluations. The “Ins” have called for the creation of an ERM-type of system with fixed exchange rates between the “Euro” and the currencies of those countries outside the EMU. There is opposition to such a plan in the UK where the ERM was discredited by the September 1992 crisis, which forced the pound out of the system. Sweden is also reported to oppose the plan while Denmark strongly backs the idea.

4. Other Costs

A number of technical obstacles have been raised in regard to establishing the single currency. One issue concerns the legal status of forward contracts stated in a national currency but which come due after the “Euro” has been introduced. Although a contract might specify payment in, say, D-marks, this currency will cease to be legal tender after 1 July 2002, according to the European Monetary Institute plan.

Other costs will be incurred to change accounting systems, to re-program computers, to change price lists, and to modify vending machines. Some of the greatest costs will be borne by commercial banks, which will have to account for both Euros and the national currency during the transition period from 1999 to 2002. Automated teller machines, for example, will process a request in Euros, but will carry out the transaction in the national currency. The ECU Banking Association estimated the costs to its members at about £175 million each.⁶⁶

65 The UK and Denmark have the right to opt out of the Third Stage of EMU. Denmark has already declared that it will not join the single currency; the UK government has not yet decided. Sweden has said that it will not join the “Euro” unless its Parliament approves the move.

66 Timothy Edmonds and Vaughne Miller, *Economic and Monetary Union*, Research Paper 96/33, House of Commons Library, 1 March 1996, London, p. 38.

J. EMU's Effects on the Outside World

Understandably, the Europeans have paid much less attention to EMU's external impact than they have to its internal consequences. Nevertheless, EMU *will* have an impact on outside countries in three main areas. First, it will affect the demand for international currencies and, consequently, exchange rates. Second, it could affect trade and investment patterns. Third, it has implications for international economic policy coordination and exchange rate management.

1. The Demand for International Currencies

In economic theory, money has three different functions: to act as a medium of exchange, as a store of value, and as a unit of account. Demand for the new European currency as a medium of exchange will increase as outside countries, which conduct trade with the EU, invoice more of their transactions in the Euro. This tendency will be heightened for eastern European countries, which already have strong trade ties with the EU and intend eventually to join the Union and to adopt the common currency. The Euro may also begin to erode the share of non-EU transactions that is invoiced in U.S. dollars. For example, it is possible that oil-producing countries could decide to demand payment in Euros rather than U.S. dollars. On the other hand, the stock of official international currency reserves in the form of European currencies held by central banks will decline as foreign exchange trading ceases to take place between European currencies.⁶⁷

If the ECB is able to acquire a reputation for maintaining price stability similar to that of the Bundesbank, the Euro will become more valuable to hold as a store of value than were the individual European national currencies, except, perhaps, the D-mark. This might persuade outside countries to hold fewer dollars and more of the European currency.

⁶⁷ The Commission study estimates a savings on the foreign exchange reserves of the Community Member States amounting perhaps to US\$200 billion. (Emerson *et al.*, *One Market, One Money*, 1992, p. 178).

To the extent that EMU encourages European integration and economic growth, it will increase the EU's share of the global economy, thereby raising the proportion of transactions stated in Euros.

A key consideration is how the demand for global financial assets will be affected by the introduction of the European single currency. One view is that EMU will lead to a relatively small (5%) shift into Euro-denominated assets.⁶⁸ Another perspective is that the demand for Euro assets will decline as investors, seeking more diversification, shift into non-European currencies.⁶⁹ For example, a French investor who formerly held most of her assets in francs would be able to obtain currency diversification by holding, say, D-marks and U.S. dollars. After the single money is introduced, her wealth will be denominated in only two currencies -- Euros and dollars. If the investor wanted more diversification of currencies, she will have to look outside Europe.⁷⁰

2. Trade and Investment Patterns

Outside countries such as Canada, must also consider how the single currency's introduction will affect their exchange rate *vis à vis* their largest trading partners within the EU. The Committee was told that, although the majority of the German public opposes EMU, the country's business community is generally in favour of the single currency. The reason is that German business is concerned about the effect the D-mark's high value is having on exports, and sees the introduction of a single currency as a means of obtaining a *de facto* devaluation of the D-mark. While a D-mark devaluation may help German exports, it implies less demand for imports, including those from Canada. On the other hand, Mr. Gordon Venner (Deputy Director, European Union Division, DFAIT) noted that Canadian exporters may benefit from a reduction in transaction costs from operating in Europe with only one currency.

68 *Ibid.*

69 Barry Eichengreen, *Should the Maastricht Treaty be Saved?*, 1992, p. 58.

70 *Ibid.*

Gordon Venner also raised the possibility that EMU could affect international investment patterns. "If the European Union were to achieve an extremely large area of exchange rate stability, that would make them an attractive investment location. We would be competing with the European Union for that investment."⁷¹ (1:28)

3. International Policy Coordination

It has been suggested that EMU will transform the G-7 into a G-4 with the United States, Canada, Japan, and the EU participating. However, it is not clear that this will be the case. As Mr. Barry Eichengreen points out, the key actors in G-7 policy coordination discussions are ministers of finance, not central bankers.⁷² Although there will be one European Central Bank, there will be 15 ministers of finance. "Article 109 of the Maastricht Treaty does not detail the nature of cooperation between them. While emphasizing the need for the Community to speak with a single voice, it does not specify who will do the talking. Will the finance minister of the country occupying the EC presidency represent the Community in G-7 summits? Will the independent president of the ECB also have a voice?"⁷³ The question of who speaks for Europe is further complicated when the possibility is raised that two G-7 countries -- the UK and Italy -- may not join EMU initially.

Assuming that the EU works out its internal coordination problems, the adoption of a single currency will enhance Europe's negotiating power *vis à vis* the other G-7 partners. How will this affect the balance of power in the global community? As John Murray put it, "Once there are three major entities instead of seven, what is Canada's place in all this? In other words, there will be the United States, there will be Japan and now, instead of a collection of European countries, there will be Europe representing the third significant currency block. How does Canada fit in? Once France, Germany, the UK and Italy have been absorbed into this common Europe, we will be pretty lonely and small, so we need to look ahead to that." (31:15-16)

71 As noted earlier, the evidence linking investment and exchange rate stability is tenuous.

72 Barry Eichengreen, *Should the Maastricht Treaty be Saved?*, 1992, p. 58.

73 *Ibid.*, p. 58-59.

K. Conclusion and Recommendations

Like most developments in the process of European integration, the path to EMU has not followed a straight line. And like many proposals to integrate the EU economically, this proposal is partly driven by political considerations. After the attempt to implement the 1970 Werner Report on EMU was aborted, a more modest plan was introduced in form of the European Monetary System. The catalyst for resurrecting EMU was the unification of Germany and the need to bind that country more tightly into Europe. On the economic side, EMU represents an attempt on the part of other EU countries, especially France, to gain a greater say in the way that European monetary policy is conducted. Now, despite budgetary setbacks and the EMS currency crises of 1992-93, the leaders of the two countries that matter most to European integration, France and Germany, seem committed to the successful launch of EMU. German Chancellor Helmut Kohl, in particular, is anxious to anchor the new Germany in Europe, and has voiced concerns that if EMU fails to go forward, the EU could disintegrate. The Committee learned also that there is a consensus among German and French central bankers that EMU will proceed.

The Committee believes that, even if there is some slippage in the 1999 deadline, there is a high probability that EMU will go forward. We are concerned, however, about the lack of serious study that has been given to EMU's external effects. Although Canada and other outside countries have no say on whether or not EMU goes forward, the plan entails great uncertainties for us in at least three areas -- currency demand and exchange rates, trade and investment patterns, and international policy coordination.

We recommend that the Department of Foreign Affairs and International Trade, in consultation with the Bank of Canada and the Department of Finance, undertake a study on the effects of the EU's economic and monetary union on Canada. The completion of such a study ought to be given high priority by the Canadian government.⁷⁴

74 The Committee understands that the Department of Foreign Affairs and International Trade now plans to undertake a study on the effects of EMU on Canada. We suggest that completion of this study be given priority by the government.

Further, the Committee recommends that the Canadian government convene a conference based on this study. Such a conference of Canadian business people, economists, and policy makers would help the government in estimating the implications of economic and monetary union (EMU) for Canada and in formulating appropriate policy responses.

Finally, the Committee notes that EMU will eliminate some of the obstacles remaining in the way of realizing a true European single market. Analysis suggests that EMU will deepen EU capital markets and make European firms more competitive. With markets becoming more global in nature, the Committee believes that it is imperative that Canadian firms' home operating environment should be at least as advantageous as the EU home market is for European firms.

The Committee recommends that the Canadian government and the provinces continue work on the elimination of inter-provincial trade barriers. Canada already has a monetary union, but has yet to achieve a true single market for goods, services, capital, and people.

VI. THE 1996 INTERGOVERNMENTAL CONFERENCE (“MAASTRICHT II”)

A. Introduction

On 29 March 1996, the leaders of EU Member States met in Turin, Italy, to launch an Intergovernmental Conference (IGC) to decide issues affecting the future course of the Union. Decisions taken at the 1996 IGC will affect Canada indirectly through their implications for the EU’s defence identity and the common foreign and security policy. Also, to the extent that reforms to the EU’s institutional structure enable future enlargements to occur, Canadian trade and investment will be affected by decisions taken at the IGC.

B. The IGC Process

What is an IGC and how does it operate? “An Intergovernmental Conference or IGC is a special meeting of representatives of the governments of the Member States which is convened to consider amendments to the Treaties. Under Article N of the Treaty (formerly Article 236) any member state may submit to the Council proposals for amending the Treaties. ... IGCs may be launched and concluded at the European Council level of heads of state or government and the European Council may have a significant role in furthering progress, clarifying areas of ambiguity and agreeing on final texts.”⁷⁵

The groundwork for IGCs is laid by special committees comprised of representatives of the Member States as well as representatives from EU institutions, such as the Commission and the European Parliament. For example, the Delors Committee designed a plan for economic and monetary union which formed the basis of that section of the Maastricht IGC. Another committee’s work formed the basis of the Maastricht IGC on political union. The preparatory work for the Turin IGC was done by the Reflection Group, which was set up to study the EU’s problems and to consider various possible solutions while taking into account the implications of future enlargement.⁷⁶

75 Vaughne Miller, *Towards the IGC: Approaching Turin*, Research Paper 96/41, House of Commons Library, 19 March 1996, p. 5.

76 Vaughne Miller, *Towards the IGC: Weighing the Options*, Research Paper 95/123, House of Commons Library, 5 December 1995, p. 6.

The procedure followed by IGCs usually involves monthly meetings by EU Foreign Ministers. Thus, the IGC is similar to meetings of the Council of Ministers except that the IGC meetings are concerned with amending the Treaty rather than with discussing EU legislation.⁷⁷ Proposals for treaty amendment may come from a variety of sources, the presidency, the Member States, or the EU institutions, with the presidency having “an important role to play as collator of proposals and facilitator of negotiations.”⁷⁸

C. The IGC Agenda

Since 1957, six IGCs have been held to revise the Treaties governing the European Communities. These IGCs produced the 1965 Treaty merging the EC institutions, the 1970 and 1975 Treaties amending the European Parliament’s budgetary powers, the 1986 *Single European Act*, and the two intergovernmental conferences (one on political union and the other on economic and monetary union) which produced the 1992 *Treaty on European Union* (Maastricht).

The 1996 IGC has no fixed agenda, but the Maastricht Treaty requires that the following issues be addressed at the conference:

- i. The pillared structure of the European Union as established at Maastricht (Maastricht, Article B);
- ii. Defence, against the background of the 1998 review of the Western European Union Treaty (Maastricht, Article J.4.6);
- iii. The common foreign and security policy (Maastricht, Article J.10);
- iv. The scope of the co-decision procedure in the European Parliament (Maastricht, Article 189b);
- v. New Community chapters on energy, civil protection, and tourism (Maastricht, Declaration 1); and

77 Vaughne Miller, *Towards the IGC: Approaching Turin*, Research Paper 96/41, House of Commons Library, p. 7.

78 *Ibid.*

- vi. The so-called “hierarchy of Community Acts,” which might involve a reclassification of Community legislation to establish different procedures for different categories of act (Maastricht, Declaration, 16).⁷⁹

Since the conclusion of the Maastricht Treaty, EU Member States have agreed also to review:

- vii. The budgetary provisions of the Treaty, including the arrangements for compulsory and non-compulsory expenditure (Inter-Institutional Agreement of October 1993);
- viii. The number of European Commissioners (European Council, December 1993); and
- ix. Qualified Majority Voting procedures -- both voting weights and the qualified majority threshold (Informal Foreign Affairs Council at Ioánnina (Greece), March 1994).⁸⁰

In addition, issues raised in the Report of the IGC Study Group (the Reflection Group) are to be discussed at the 1996 IGC. Since it was already agreed at the 1993 Copenhagen Summit that the EU will admit new members, the principle of enlargement should not be one of the main topics of debate. However, a larger Union will have implications for many of the other topics under discussion, topics such as institutional reform, qualified majority voting, and the common foreign and security policy. In other words, the implications of enlargement have to be examined.

With respect to economic and monetary union (EMU), the necessary treaty amendments were made at Maastricht; consequently, there appears to be little reason for more debate in this round of treaty changes. Nevertheless, it seems likely that there will be discussions, at least in the corridors, over some of the outstanding issues, such as the interpretation of the convergence criteria and the relationship between those countries inside the EMU area and those that remain outside -- the problem of the “Ins” and the “Outs.”

79 Foreign and Commonwealth Office, *A Partnership of Nations: The British Approach to the European Union Intergovernmental Conference 1996*, London, March 1996, p. 28.

80 *Ibid.*

The current IGC has no fixed termination date, and is likely to extend into 1997. Mr. Jim Wright (Political and Social Affairs Counsellor, Canadian High Commission, London) told the Committee that the IGC is expected to be prolonged until at least after the next British election. The views of the Labour Party are different from those of the present government on many European issues, such as economic and monetary union, the Maastricht Treaty, the common foreign and security policy, and qualified majority voting in the Council of Ministers.

This IGC started under the Italian presidency and will continue under the Irish presidency, which begins in July 1996. If the IGC is completed under the presidency of The Netherlands, which starts in January 1997, a new Treaty could be signed in Maastricht. This possibility has given rise to the application of the title "Maastricht II" to this IGC.

D. Recommendation

The Committee recommends that the Canadian government monitor carefully the discussions taking place at the 1996 Intergovernmental Conference (IGC). We note that decisions respecting policies such as the EU's common foreign and security policy and European defence policy will be taken in this IGC and that these policies may affect Canadian interests. Therefore, the Department of Foreign Affairs and International Trade should consider whether additional personnel need to be assigned to key foreign missions during the IGC, in order to ensure that the Canadian government is aware of, and able to respond promptly to, any developments that may affect Canadian interests.

VII. EUROPEAN UNION ENLARGEMENT

A. Introduction

In the next decade or so the number of countries in the European Union will expand from the current 15 Member States to as many as 28. From an internal perspective, this enlargement heightens the need for reform of the EU's budget and institutional structures. From Canada's standpoint, EU enlargement will raise tariffs against some of our exports, thereby reducing opportunities for Canadian business in the growing markets of central and eastern Europe. This eventuality intensifies the need for Canada to reach an agreement with the European Union on further tariff cuts in key sectors. Enlargement will also increase the EU's power in international organizations, such as the OECD and the WTO, in which Canada is a member. As the number of EU members rises, the Union will be obliged to defend a wider range of national interests, increasing the potential number of disputes between the EU and outside countries, including Canada. Enlargement also will enhance the EU's economic and political leverage relative to that of Canada.

B. Prospective EU Members

On 1 January 1995, the European Union expanded to 15 Members with the accession of Austria, Finland, and Sweden.⁸¹ Norway had applied for membership, but, on the basis of a 52.4% majority in a national referendum held in November 1994, accession to the EU was again rejected.⁸²

The EU committed itself to further enlargement at the Copenhagen European Council meeting in June 1993. Turkey, Cyprus, and Malta have long-standing Association Agreements, which provide them access to the EU market for their industrial goods. All three

81 The accession to the EU of Austria, Finland, and Sweden means that the European Economic Area (EEA) now comprises only three states outside the EU -- Norway, Iceland, and Liechtenstein. The EEA, which came into effect on 1 January 1994, is a common market between the EU and the countries of the European Free Trade Area (minus Switzerland). The EEA's diminished size leaves its future somewhat in doubt.

82 In the 1972 referendum, Norway rejected membership in the EEC by a majority of 53.5%.

have applied for full EU membership. Although Cyprus and Malta are likely to be granted early admission the Turkish application appears unlikely to go forward.⁸³

The greatest enlargement challenge for the EU is posed by the future accession of central and eastern European countries. Since 1989 the EU has concluded "Europe Agreements" with Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. The main areas covered by the agreements are: political dialogue, free trade and freedom of movement, economic cooperation, financial cooperation, and cultural cooperation.

Altogether 13 countries have applied for EU membership or are expected to do so soon.⁸⁴ The EU has stated that any associated country in central and eastern Europe may join as soon as it is "able to assume the obligations of membership by satisfying the economic and political conditions required." The requirements include: stable democratic institutions, respect for minorities, the existence of a competitive market economy, and the ability to adhere to the Maastricht Treaty's aims of political, and economic and monetary union.

The EU's eastern enlargement is being driven at least as much by geopolitical motives and security concerns as by economic considerations. Dr. Steven Wolinetz (Professor of Political Science, Memorial University) told the Committee that German concerns about their eastern borders increase the likelihood that Poland, the Czech Republic, and Hungary will be admitted to the EU.

Russia has made clear that it would not welcome full membership in NATO for its neighbours in central and eastern Europe. However, Russia does not object to EU enlargement, despite the EU's plan to adopt a common foreign and security policy. By joining the EU, the central and eastern European countries could achieve a greater sense of security without evoking the reaction in Russia that NATO membership would generate. The

83 On 1 January 1996, a customs union between Turkey and the EU went into effect.

84 Foreign and Commonwealth Office, *A Partnership of Nations: The British Approach to the European Union Intergovernmental Conference 1996*, London, March 1996, p. 6.

Committee was told that joining the EU would raise living standards and would tend to consolidate democratic and economic reforms in the former communist states, thereby increasing political and economic stability on the EU's eastern borders.

Ms. Anne Leahy (Canadian Ambassador to Poland) told the Committee that Poland already has entered into a "structural" dialogue with the EU on enlargement issues, such as agriculture. Poland is also moving closer to EU norms in certain areas, she said. For example, the Polish Parliament passed a law in 1995 which would require the harmonization of all future standards with those of the EU. Mr. Pastusiak (Deputy Chairman of the Sejm Foreign Relations Committee, Poland) told us that it was important that Poland joined the European Union because it would:

- consolidate Polish economic reconstruction;
- help develop a Polish environmental policy;
- respond to the geopolitical situation;
- sustain democratic construction;
- provide access to new markets;
- provide mutual trade benefits because of the complementarity of the Polish and EU economies; and
- assure an influx of new technology.

Mr. Andrzej Wiczorkiewicz (Under Secretary of State and Government Plenipotentiary for Foreign Investment, Government of Poland) explained that Poland wanted to join the EU in order to consolidate its growing economy by gaining greater access to markets in the face of EU practices that impeded trade. But he said also that the desire to join the EU is not motivated by purely economic motives. Poland feels itself to be a European country and "it wants to join the family." He said that Poland wants to match European standards in matters of democracy and law.

What is the expected timing of future EU enlargements? Accession negotiations with Cyprus and Malta will begin six months after the conclusion of the current IGC. As noted earlier, the European Council has agreed in principle that the countries of central and

eastern Europe should be admitted when they are ready to assume the obligations of membership. Dr. Steven Wolinetz told the Committee that the most likely prospective candidates from central and eastern Europe are the so-called "Visegrad Four" -- Poland, Hungary, the Czech Republic, and Slovakia.⁸⁵ Obviously, accessions will not take place until the EU is ready to accept them. The European Council has agreed that the Union's capacity to absorb new members will be an important consideration in deciding on future enlargements.⁸⁶ During the Irish presidency, the European Council will meet to consider the "opinions" of the Commission on the application of each associated state.

C. The Internal Implications of Enlargement

Questions have arisen about whether the EU can simultaneously deepen its political integration while expanding its membership and increasing its diversity. A recent Commission report stated the dilemma, "How can we enhance our capacity to take decisions and to act, when our diversity becomes more pronounced? Enlargement must represent a new arrangement worked out with our eyes open. We have to be aware of its implications for the institutions and policies of the Union. There is no compelling reason why an endeavour based on openness and solidarity should mean weakness and dilution: enlargement and deepening are perfectly compatible."⁸⁷

There are internal tensions within the EU over whether to widen or to deepen European integration -- in other words, between enlargement and the improvement of internal policies. Some countries, such as France, have favoured deepening European integration before moving ahead with additional enlargements. Other countries, notably Great Britain, favour enlargement over further deepening. Lord Clinton-Davis (Chairman, Transport Committee, House of Lords) argued that there is a hidden agenda associated with enlargement. He said that some people support enlargement because they believe that it will "bust the EU"

85 Dr. Wolinetz told the Committee that Poland, Hungary, and the Czech Republic are much more likely to be admitted soon than Slovakia because these three are politically and economically more advanced.

86 As Professor Pentland has pointed out, this point should be emphasized since it means that the EU is master of the enlargement agenda. If the European Council decides that the EU is not ready to accept new members, enlargement will not proceed.

87 European Commission, *Intergovernmental Conference 1996 - Commission Report for the Reflection Group*, Brussels, 1995.

Figure 7.1



Source: Foreign and Commonwealth Office, *A Partnership of Nations - the British Approach to the European Union Intergovernmental Conference 1996*, London, March 1996.

by requiring the Union to loosen its grip with respect to certain policies, such as the common agricultural policy and the structural policies. In contrast, Germany appears to hold the view that the EU should press ahead simultaneously with both the widening and the deepening of the Union.

One consideration is the budgetary cost of enlargement. The common agricultural policy (CAP) subsidies now absorb more than 40% of the Community's budget. In general, central and eastern Europe is much more rural in nature than the present EU. In the EU, only one person out of 20 makes a living from the land. On average, agriculture accounts for 5.5% of GDP in Poland, Hungary, Slovakia, Slovenia, and the Czech Republic. In the EU, agriculture accounts for less than one half this proportion of the economy.

The Committee was provided with a different perspective when it visited Poland. Mr. Jacek Saryusz-Wolski (Government Plenipotentiary for European Integration, Government of Poland) suggested that the integration of Polish agriculture with the EU was not as problematic as some people in the Union seem to think. He pointed out that, although Polish agriculture represents 7% of GDP and one quarter of the population lives in rural areas, only one quarter of these people are actually involved in agricultural production. The fact that agriculture is less heavily subsidized than it is within the EU will make it easier for the country's farm sector to adjust. Although Polish consumers will have to pay higher food costs, Jacek Saryusz-Wolski stated that compensatory payments to consumers can be negotiated.

Another direct cost of enlargement relates to the compensation provided to less developed regions by the economic and social cohesion funds. In 1994, over 30% of the EU budget (about ECU 23 billion) was spent on assistance to poorer, backward regions and to areas suffering from industrial decline. Enlargement of the EU to include the approximately 70 million people in central Europe (Poland, Hungary, the Czech Republic, Slovakia, and Slovenia) and eventually the millions more in eastern Europe would raise the cost of these programs substantially. (When Spain and Portugal joined the EC in 1986, the number of

people living in regions where the per capita income is less than 75% of the Community average doubled.)

The EU has several options for dealing with the budgetary implications of the enlargement issue. First, it can raise more revenues, either by increasing the contribution levels from Member States or by raising the VAT rate paid to the EU. Mr. Jacques Delors told the Committee that the EU *will* have to pay more to bring the central and eastern European countries into the Union. He reckons that the EU budget would have to increase from the current ratio of 1.2% of GDP to a ratio of 1.6% in order to accommodate entry of those countries. François Guillaume (Vice-President, Foreign Affairs Committee, National Assembly of France) told the Committee that CAP payments alone would be boosted by 25%.

A second way in which the EU could tackle the enlargement issue would be to reduce expenditures on the common agricultural policy and the economic and social cohesion funds. Mr. Delors told the Committee that, although the EU succeeded in the Uruguay Round negotiations in decreasing CAP support for farmers, it would be impossible for France to make further reductions. However, Mr. Delor's view is not universally held. For example, Mr. Kimon Valaskakis (Canadian Ambassador to the OECD) told the Committee that he believes that there is a growing recognition on the part of France about the need to do something about the CAP.

France is not the only country which could face costs from enlargement. The Committee learned in Dublin that EU transfer payments account for 6% of Ireland's GNP, making that country the largest recipient of EU transfers. A Member of the Irish Parliament explained to the Committee that Ireland supports enlargement because it represents new markets for Irish exports, but that Ireland does have concerns about the potential reduction in transfer payments. Other countries such as Spain, Portugal, and Greece, which receive substantial amounts of EU agricultural and structural funds, would also be affected. Moreover, enlargement will pose industrial restructuring problems for the EU in general.

A third way to deal with enlargement would be to offer new Member States only partial membership, thus denying them access to the CAP and structural and social cohesion funds. However, as Dr. Steven Wolinetz pointed out, a multi-speed or multi-tiered Europe would be a major departure for the EU.

Apart from its budgetary implications, enlargement would require major institutional reform in the EU.⁸⁸ Consider the European Commission. At the present time, there are 20 Commissioners, each of whom is responsible for a different portfolio. Each Member State appoints at least one Commissioner, with each of the larger countries -- Germany, France, Italy, Spain, and the UK -- providing two Commissioners.⁸⁹ If the EU expands to include 25 or 28 Member States, either more portfolios will have to be invented or some countries will be without representatives on the Commission. Another proposal is that two kinds of Commissioners be created, (a) full members and (b) deputies, either voting or non-voting.

Also, it seems likely that the number of parliamentarians from each country would have to be adjusted. Currently, there is a total of 626 Members of the European Parliament (MEPs). It is generally believed that the number of MEPs cannot increase much further without Parliament becoming too large and cumbersome. It has been recommended that the number of seats in the European Parliament be capped at, say, 700.⁹⁰

Similarly, the Council of Ministers would grow from 15 to perhaps 25 or more members. This could make the Council less effective and might require adjustment of the number of votes required to reach a qualified majority vote. A question which concerns the larger states is their proportional under-representation on the Council, especially with the accession of a number of smaller countries to the EU.

88 Institutional reform is on the 1996 IGC agenda, but EU enlargement possibilities would seem to make the issue more urgent.

89 For example, the UK has two Commissioners, Sir Leon Brittan (Multilateral trade, relations with developed countries) and Neil Kinnock (Transport).

90 *Progress Report from the Chairman of the Reflection Group on the Intergovernmental Conference*, 1 September 1995.

D. The Implications of Enlargement for Canada

Since the EEC was created in 1958 it has increased in size from six to fifteen members, undergoing four enlargements: 1973 (Denmark, Ireland and the UK); 1981 (Greece); 1986 (Portugal and Spain); and 1995 (Austria, Finland, and Sweden).⁹¹ Each new accession has brought more countries within the EC's customs union, which requires that a common external trade policy be employed *vis à vis* outside countries. This harmonization by new members with EC trade policies has resulted in diminished market access for Canada in respect to certain exports.

The EC's trading partners are entitled under GATT Article XXIV to negotiate compensation for the loss of markets, but this process seems to have been less than satisfactory to outside countries. The negotiation of compensation for enlargement often has been long and arduous, and there is no guarantee that the final package will offset the trade diversion suffered by the outside country. Furthermore, compensation in the form of increased access often is provided in a different commodity, or even in a sector entirely different from the one in which the trade diversion occurred. The reason for this is that commodities in a compensation package are carefully selected in order to benefit mainly the countries involved in the negotiations. For example, Canada was recently provided with a compensation package which included increased access for "uniquely" Canadian exports such as ice skates, snow groomers, and durum wheat. (See discussion below.) For an outside country, such as Canada, which might not be happy with the compensation offered by the EU, the options are limited. It is difficult to retaliate by raising Canadian import tariffs against one Member State's goods, say those of Sweden, and not sideswipe imports from another country.

The UK's 1973 accession to the EEC was particularly damaging to Canadian agricultural exports, especially wheat, barley, cheese, oilseeds, and oilseed products. The major Canadian export affected by the 1973 enlargement was high quality wheat and Canada's

91 The unification of Germany meant that the former German Democratic Republic became part of the EC on 3 October 1990.

request for compensation in this area has still not been satisfied more than 23 years later. When the UK joined the EEC, Canada (and other commonwealth countries) lost the British Commonwealth Preference, British tariffs on Canadian goods were raised to EEC levels, and variable import levies were applied in many cases. In addition, competitors from other EEC countries gained duty-free access to Britain's market, while CAP subsidies artificially stimulated British domestic agricultural production. Finally, certain outside countries with which the EEC already had trade agreements, such as the Lomé Convention countries and Mediterranean countries, received preferential access to the British market.

With respect to the accessions to the EU of Greece (1981), Spain (1986), and Portugal (1986), the EU's tariffs were generally lower than those of the three new members. As a result, there was little impairment of market access for Canadian exports. However, Canadian exports to Spain and Portugal of three commodities -- salt cod, newsprint, and barley -- were affected. Despite an arbitration report by then GATT Director General Arthur Dunkel to the effect that there should be "a certain continuity of trade" in wet salt cod, this issue has never been resolved to Canada's satisfaction.

Access for Canadian newsprint exports also remains a problem. When Spain and Portugal joined the EC in 1986, the Community refused to increase Canada's quota into the EC market in order to accommodate the traditional level of Canadian newsprint exports to those countries' markets. That problem will finally be resolved in the year 2002 when the EU eliminates the duty on newsprint imports. Compensation to Canada for loss of market access for Canadian barley exports was resolved in December 1995, almost ten years after Spain and Portugal joined the EC.

The most recent enlargement, which brought Austria, Finland, and Sweden into the EU on 1 January 1995, gave rise to a dispute between Canada and the EU over tariff increases on Canadian exports of fish and seafood, aluminum, wood, and snowmobiles. The EU's failure to provide provisional compensation prompted the Canadian government to

announce in February 1995 that it was raising tariff bindings on imports of EU-produced vodka, perfume, shoes, and glassware.⁹²

Canada announced that applied tariffs (i.e., the actual duties in effect at the border) would be raised first on imports of European vodka and lead crystal if the EU did not provide at least partial compensation. At a later point, Canada would raise duties on other imports if overall compensation was not forthcoming. Tariff increases by Canada were delayed, however, after a deal was reached under which the EU would accelerate Uruguay Round tariff cuts on newsprint.

On 5 December 1995, Canada and the EU reached agreement on a number of outstanding issues, including compensation to Canada for EU enlargement. In addition to the reduction of newsprint tariffs agreed to earlier, the EU is to eliminate some tariffs and to accelerate reductions already agreed upon. The EU will eliminate tariffs on certain paper products of particular interest to Canada, on boiled and peeled shrimp, on ice skates, pig iron, snowgroomers, canary seed, durum wheat (up to an annual quota of 50,000 tonnes), and feed oats (up to 10,000 tonnes). The EU will reduce tariffs (or accelerate tariff reductions already agreed to) on frozen lobsters, fish products, snowmobiles, lead, zinc, and chainsaw blades. Also, the EU will improve access for Canadian pork and provide an import quota for Canadian pork of 75,600 tonnes on final implementation of the Uruguay Round.

As the EU undergoes future enlargements, Canada and other outside countries will face further negotiations over reductions in access to the European market. Moreover, as pointed out to the Committee by Dr. Lorenz Schomerus (State Secretary in the German Ministry of Finance), since some of the prospective EU members are large agricultural producers, this could lead to a build-up of trade barriers to outside countries.

The Committee learned that Canada has at least one EU ally on this issue. Dr. Schomerus told the Committee that Germany has consistently said that enlargement must not

⁹² Tariffs are "bound" when countries agree under the GATT/WTO not to raise these above a fixed level.

de-liberalize trade. In other words, no new trade barriers should be raised against existing trading partners. Dr. Schomerus stated that Germany intends to take a firm line on this issue with respect to future enlargements. In his view, regional integration should not run counter to multilateral trade liberalization. Moreover, starting a new round of multilateral trade negotiations has a very high priority.

Sir Leon Brittan (European Commissioner for Multilateral Trade) said that under previous enlargements Canada had negotiated compensation, "presumably to the Canadian satisfaction." Nevertheless, Sir Leon informed the Committee that a study would be done by the Commission to determine whether prospective enlargements will result in more trade barriers to outside countries.

The Committee learned that Canadian exports to central European countries already may be affected by future EU enlargements. When countries accede to the World Trade Organization (WTO) they are usually encouraged to reduce their level of tariff protection. However, candidates to join the EU are not being pressed by the Union to lower their tariffs upon entering the WTO because the EU does not want to have to pay compensation when these countries accede to the Union.

The Committee received sound advice on the enlargement issue from Mr. Christopher Thomson (Canadian Deputy Permanent Representative to the OECD). Asked about how Canada should deal with future EU enlargements, Mr. Thomson told the Committee that Canada should constantly "raise the floor" of agreements reached with the EU. In Mr. Thomson's opinion, the EU can be bound in many respects by further agreements, such as accords reached at the OECD and the WTO. For example, another round of multilateral tariff reductions by the EU would decrease the likelihood that new EU members would need to harmonize their tariffs upwards, thereby diverting existing trading patterns.

Another issue which was raised in connection with EU enlargement is the effect that it will have on Europe's influence in international organizations, like the WTO and the

OECD. Mr. Kimon Valaskakis (Canadian Ambassador to the OECD) explained that in the OECD, for example, Europe now accounts for 20 out of 26 members.⁹³ The EU is the major player in the OECD, and this is something with which Canada and other outside countries have to deal, according to Valaskakis. The Committee notes that, in recent years, disagreements in both the OECD and the WTO have erupted over whether a North American or a European will lead these institutions. As the EU membership grows through enlargement, so will its economic and political weight in international organizations.⁹⁴

Finally, something should be said about the implications of EU enlargement for international disputes. Two points are relevant here. First, at the present time, a disagreement over a single issue that involves primarily the interests of one Member State has the power to disrupt Canada's relations with the entire EU. The case in point is the June 1996 suspension of negotiations on the Canada-EU Action Plan because of EU objections to Canada's fisheries policies, in particular the extraterritorial application of Canadian law under Bill C-29. As the number of EU Member States increases, the EU will be forced to defend a growing number of different national interests. For outside countries, such as Canada, this means that the possibility of running afoul of the EU will be multiplied as enlargement proceeds.

The second point about international disputes concerns the imbalance of power when a medium-sized country, such as Canada, negotiates with a large bloc of countries, like the EU. Canada is already at a decided disadvantage in negotiating with a 15-member EU, which has a GDP more than ten times that of Canada. As the EU enlarges to possibly 28 countries, the Union's economic and political leverage will grow in relation to that of Canada. The growing divergence in relative power will place Canada in an increasingly more disadvantageous bargaining position.

93 Fifteen of the 20 European countries in the OECD are members of the European Union, giving the EU a majority at the OECD.

94 In some sense, the OECD is different since individual European countries are freer to express themselves, frequently taking the opportunity to criticize the European Commission. In the WTO, EU members are supposed to present a single, unified trade policy.

E. Conclusion and Recommendations

The Committee fears that future EU enlargements could have serious consequences for Canadian trade and investment patterns. Although existing Canadian trade and investment links with the countries of central and eastern Europe are relatively modest, certain of these economies are now growing rapidly as economic reforms take hold. In another 10 years, these countries could represent sizable potential markets for Canadian exports. Accession to the EU will increase their economic growth but it may also restrict access by Canadian exports to these promising markets.

The Committee recommends that the Canadian government monitor the progress of all discussions between the European Union and prospective members in order to prepare a strategy for dealing with EU enlargement. We recommend that this strategy should include the following elements:

First, the Canadian government should immediately commission an analysis of the potential impact on Canada of future EU enlargements. The analysis should examine three implications of enlargement for Canada:

- (1) potential diversion of trade;**
- (2) potential diversion of investment;**
- (3) the effect on decision-making in those institutions of which Canada is a member.**

Second, the Committee believes that it is imperative that the Canadian government work towards "raising the floor" of international agreements -- in other words, towards achieving rules that will bind the EU with respect to the imposition of new trade restrictions. Most importantly, the Canadian government should press for the negotiation of another round of multilateral tariff reductions. Priority should be given to concluding an agreement that would eliminate or lower tariffs on Canadian exports which, on the basis of the aforementioned study, are likely to be most affected by EU enlargement. To the extent that the EU agrees to bind its tariffs at zero (or very low rates) new EU entrants will not have to harmonize their own tariffs upwards to meet those of the EU.

In Chapter III the Committee recommended that Statistics Canada undertake an analysis to determine in which sectors Canada has been losing share of the EU import market to other competitors. In some cases these competitors have access to the EU market which is more favourable than that provided to Canada. The Minister for International Trade informed the Committee that Canada is one of the few countries without preferential access to the EU market. Therefore, the Committee recommends that the Canadian government emphasize also tariff reductions in those sectors where Canada has lost market share to competitors that have more favourable access to the EU market.

Third, the Committee recommends that, as soon as practicable, the Canadian government begin discussions with the European Union on proposed EU enlargements. It is important to begin these discussions early in order to ensure that an adequate compensation package for Canada is in place by the time the new members accede to the EU.

Fourth, ongoing negotiations with the EU should also be concluded as soon as possible, such as those involving a Mutual Recognition Agreement, a Telecommunications Agreement, an Information Technology Agreement, and a Multilateral Agreement on Investment. Perhaps the most difficult area, agricultural trade liberalization, will probably have to wait until 1999, when the World Trade Organization (WTO) Agreement on Agriculture requires the beginning of another round of agricultural negotiations.

Fifth, the Committee was impressed with the German position that EU enlargement should not be allowed to raise trade barriers to outside countries. We recommend that the Canadian government consult regularly with the German government, and, where appropriate, the governments of other EU countries, to ensure that regional integration does not run counter to multilateral trade liberalization. In this regard, the Committee recommends that the government take care to assure that Canada's bilateral relations with individual EU Member States do not weaken. In addition, we recommend that the government review the allocation of its personnel and resources to particular European countries. For example, is the allocation to Germany commensurate with the role that country now plays in the European Union?

Sixth, the Committee recommends that representatives from the Department of Foreign Affairs and International Trade be invited to appear twice each year before the Standing Senate Committee on Foreign Affairs to report on:

- (1) the latest developments in the EU's plans to accept new members; and
- (2) how the Canadian government is dealing with EU enlargement.

VIII. THE COMMON FOREIGN AND SECURITY POLICY

A. Introduction

The common foreign and security policy (CFSP) adopted under the Maastricht Treaty was supposed to enable the EU to project successfully its identity on the world scene. However, the EU's reluctance or inability to act in the former Yugoslavia has forced the Union to re-evaluate the operation of CFSP. Improvements to the CFSP are being considered at the Intergovernmental Conference, but these will not produce stronger policies unless the collective will to act exists on the part of the Member States. At this point, foreign policy in Europe will continue to be made at the level of the Member States themselves. The creation of a European defence identity is likely to take place within NATO rather than being constructed as a separate self-contained pillar. NATO will continue "to provide the bedrock of European security;" therefore, Canadian and American support for NATO will remain important.

B. The Origins of European Political Cooperation

The threat of Soviet invasion provided the impetus for the creation of several defence organizations in post-World War II Europe. The first of these, the Brussels Treaty Organization (BTO), established in 1948, included Britain, France, and the Benelux countries. In 1954, this organization's name was changed to the Western European Union (WEU), and Italy and West Germany became members.

By this time, however, the BTO/WEU had been reduced in significance by the North Atlantic Treaty (NAT), signed in April 1949. The North Atlantic Treaty Organization brought together in alliance the United States, Canada, the BTO countries, Denmark, Italy, Norway, Iceland, and Portugal. NATO's aim, to provide for collective security, derived from Article 5 of the Treaty, which states that an attack on one member is deemed to be an attack on all members. "The assumption was that the provision of an adequate military shield served

to convince Moscow that aggressive acts would not go unopposed. In the longer term, economic recovery in western Europe would provide the means for self-help."⁹⁵

Canadians have remained committed to NATO since its formation. "As long as there was a fear of nuclear holocaust which would engulf Canada most Canadians understood the rationale for participating in NATO and supporting its two-track policy of defence/deterrence and dialogue/détente. Canadian policy under successive governments was committed to making both a military and a diplomatic contribution to the alliance. Indeed, Canadian defence policy was almost entirely devoted toward NATO requirements. Two lessons had been learned from this country's wars: that it cost far more to fight a war than to prevent one; and that stability in Europe had a direct bearing on the security of North America, indeed, that the security of one could not be divorced from that of the other."⁹⁶

The North Korean invasion of South Korea in June 1950 raised concerns in Europe about a possible Soviet invasion of Europe. These led to demands for a larger European defence capability. The United States wanted to rearm West Germany, but some European countries, notably France, had no zeal for such a move so soon after the war. An idea for a European Defence Community (EDC), designed by Jean Monnet and put forward by French Prime Minister René Pleven in October 1950, was based on principles similar to those underlying the European Coal and Steel Community (ECSC) -- a common budget, a Council of Ministers, and a European Ministry of Defence. As one commentator said: "The kernel of the proposal was to arm Germans but not Germany."⁹⁷

The EDC Treaty was signed in May 1952 by the ECSC's six Member States and was ratified by Germany and the Benelux countries. However, the French Assembly, still nervous about German re-armament, decided not to ratify, with the result that the EDC never

95 Jonathan Story, "Europe in the global state and market system," in Jonathan Story, ed., *The New Europe, Politics, Government and Economy since 1945*, Blackwell, Oxford, UK, 1992, p.18.

96 John Halstead, "International Security Institutions: NATO and the CSCE," *Canadian Foreign Policy*, Spring 1994, p. 48.

97 Trevor C. Salmon, "The Union, CFSP and the European security debate", in *the European Community and the Challenge of the Future*, 2nd edition, edited by Juliet Lodge, St Martin's Press, New York, 1993, p. 253.

came into being. The Treaty is noteworthy because it would have created a real European defence identity under the NATO umbrella -- a concept that the EU has now decided to put into action.

A plan for the political union of the six EEC members was put forward in 1962 by a committee headed by Christian Fouchet, the French Ambassador to Denmark. But once again the plan foundered when member countries were unable to agree within the Committee on the nature of the projected political union.

In 1969, the Hague Summit called for more progress on economic and political union. This was followed by the Paris Summits of 1972 and 1974, which proclaimed European Union as a goal to be achieved by 1980. The Tindemans Report, drawn up at the request of EC Leaders, set forth a plan to introduce economic and monetary union, to reform the EEC institutions, to implement a common foreign policy, and to establish common regional and social policies. Again, the plan came to naught because of differences of opinion between Member States concerning the essential constitutional and institutional reforms.

Although the Tindemans initiative ultimately failed, in 1970 the Member States approved the Davignon Report (named after the Political Director in the Belgian Foreign Ministry), which resulted in a process called European Political Cooperation (EPC). This mechanism involved meetings between EC Foreign Ministers at least twice a year to discuss foreign policy matters and the establishment of constant contacts between officials from Member States. The goal was to improve communications between members and to try to reach a common position on key foreign policy issues.

In 1984, a draft treaty on European Union put forward by the European Parliament would have transferred new powers to the EC, including powers in the foreign policy area. Yet, once again the proposals proved too adventurous for the Member States.

A formal legal framework for European Political Cooperation (EPC) was provided in the *Single European Act* of 1986; however, the process remained purely

intergovernmental in nature. One drawback was that common positions had to be achieved by unanimous agreement, and security discussions were limited to political and economic considerations. The failure of the EC to speak with one voice during the 1991 Gulf War and the need to take decisive action in the former Yugoslavia forced a re-appraisal of the role the EC should play in foreign policy.

C. The Common Foreign and Security Policy

In 1989 and 1990 several interrelated events occurred: the collapse of the Soviet Union, the fall of the Berlin wall, and German unification. As a consequence, political leaders, such as German Chancellor Helmut Kohl and French President François Mitterrand, began to press for greater European political integration. The purpose was to anchor Germany more securely in Europe. It was agreed, therefore, at the Dublin European Council meetings in April 1990, to establish the Intergovernmental Conference on Political Union. The results of that IGC formed the basis of the Maastricht's Treaty on European Political Union, of which CFSP forms a part.

The common foreign and security policy and justice and home affairs elements of Maastricht are dealt with in Titles V and VI of the Treaty. These two areas correspond to the second and third pillars, respectively, of the European Union, under which decisions are to be taken on an intergovernmental basis. In other words, the Member States did not agree to devolve final authority in these areas to the EC's supranational authorities -- the Commission, the Parliament, and the Court of Justice.

Objectives of the Common Foreign and Security Policy

- to safeguard the common values, fundamental interests and independence of the Union;
- to strengthen the security of the Union and its Member States in all ways;
- to preserve peace and strengthen international security, in accordance with the United Nations Charter as well as the principles and objectives of the Conference on Security and Cooperation in Europe (CFSP), which were laid down in the *Helsinki Final Act* of 1975 and the *Paris Charter* of 1990;
- to promote international cooperation;
- to develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms.⁹⁸

Title V of Maastricht provides an intergovernmental procedure by which the principles and general guidelines of the common foreign and security policy are to be established by the Heads of Government in the European Council. Decisions of the Council⁹⁹ defining and implementing the CFSP are to be taken unanimously. Two types of instruments are available for the execution of the common foreign and security policy:

- (1) common positions, which are “intended to make cooperation more systematic and coordinated.”¹⁰⁰ Member States are supposed to ensure that their national policies conform to the common positions, and are to uphold the common positions in international fora. In order to facilitate the adoption of common positions, Member States have declared that whenever possible they will avoid using their veto if there is a qualified majority in favour of a position.
- (2) “joint actions, under which both national and Community resources (of all sorts: manpower, know-how, finance, material, etc.) are directed to achieving the concrete objectives adopted. These joint actions also commit Member States. While the adoption of these actions requires unanimity, the precise way they are put into practice may be settled by qualified majority.”¹⁰¹

The Maastricht Treaty clearly states that security matters are included under CFSP: “The common foreign and security policy shall include all questions related to the security of the Union, including the eventual framing of a common defence policy, which might in time lead to a common defence.”¹⁰² Again, “the Western European Union (WEU) will be developed as the defence component of the European Union and as a means to strengthen the Atlantic Alliance.”¹⁰³ For the time being, issues having defence implications are to remain subject to unanimous voting procedures.

99 The “Council” here refers to the Council of the European Union, formerly called the Council of Ministers.

100 European Commission, *Intergovernmental Conference 1996, Commission Report for the Reflection Group*, May 1995, p. 62.

101 *Ibid.*

102 *Treaty on European Union*, Article J.4.

103 *Treaty on European Union*, Declaration (No 30) (Introduction).

D. Operational Assessment

Given the high hopes that some had for CFSP when it was introduced by the Maastricht Treaty in November 1993, the results have been disappointing. As Geoffrey Howe, former British Foreign Secretary, has explained: "The QMV [qualified majority voting] provisions have never been used. Relatively few joint actions have been undertaken. The CFSP budget is bogged down in controversy, immobilized between an unwillingness of individual countries to fund it, and a reluctance to let the European Union fund it for fear of the power that it might give to the European Parliament. One is reminded of Charles Péguy's comment: 'Everything begins in mysticism and ends in politics.' We certainly have been brought down to earth. Things might have looked much brighter if the Yugoslav crisis had not occurred. But that luxury has not been offered to us by history."¹⁰⁴

The European Commission has made several of the same criticisms of CFSP. A Commission report states that though cooperation and coordination of foreign policy has improved under CFSP as compared to EPC, "the aim of a substantial improvement has not been achieved."¹⁰⁵ Also, there is confusion about the role of the instruments -- "common positions" versus "joint actions." Another reason why CFSP has been ineffective, according to the Commission, is that unanimous voting has been the rule even where the Treaty allows qualified majority voting. "Unanimity and declarations continue to predominate (the latter at the rate of roughly two per week, despite not being specified in the Treaty.)"¹⁰⁶

However, it is not clear that the CFSP's unanimity voting rule is to blame for the EU's inability to take decisive action, as in the case of the former Yugoslavia. It has been suggested that more qualified majority voting under CFSP would not have led to a more resolute policy. The real reason for the immobility of EU decision-making on Yugoslavia was

104 Geoffrey Howe, "Bearing More of the Burden: In Search of a European Foreign and Security Policy", *The World Today*, January 1996, p. 23.

105 European Commission, *Commission Report for the Reflection Group*, 1995, p. 63.

106 *Ibid.*, p. 64.

the lack of political will on the part of the Member States themselves.¹⁰⁷ The Commission states: "It needs first of all to be emphasized that the common foreign and security policy cannot develop without real political resolve on the part of the Member States, together with clearly defined objectives."¹⁰⁸

Certain problems cited by the Commission relate to the connections between the three EU pillars. Common positions taken under CFSP (pillar 2) are legally binding, but actions to achieve the objectives (actions, such as economic embargos) must, in legal terms, be taken under the Community treaties (pillar 1). The lack of a proper interconnection between the pillars sometimes results in the introduction of two simultaneous Council instruments: (1) a Community regulation under the Community treaties, and (2) a common position under the CFSP. There are also questions about whether expenditures incurred under CFSP should be charged to the Community budget (i.e., under the first pillar) or to the Member States (under the second pillar).

Other difficulties reside in the security and defence aspects of CFSP. The connection between the EU and the WEU, which is supposed to assume the EU's defence identity, has been "used rarely and with limited success."¹⁰⁹ One problem which besets the EU's defence arrangement is overlapping memberships between the EU, the WEU, and NATO. As Figure 8.1 indicates, five EU Member States are not full members of the WEU (Ireland, Austria, Finland, Sweden, and Denmark). It has been suggested that it is impractical, or even dangerous, to consider merging the EU and the WEU when some countries are not prepared to contribute to a common defence or to undertake a mutual security guarantee.¹¹⁰ The Irish government, for example, has no intention to seek

107 Geoffrey Howe, "Bearing More of the Burden: In Search of a European Foreign and Security Policy", *The World Today*, January 1996, p. 23.

108 European Commission, *Intergovernmental Conference 1996, Commission Opinion, Reinforcing political union and preparing for enlargement*, Brussels, February 1996.

109 *Ibid.*, p. 66.

110 Geoffrey Howe, "Bearing More of the Burden: In Search of a European Foreign and Security Policy", *The World Today*, January 1996, p. 23.

membership for Ireland in either NATO or the WEU.¹¹¹ Nor does the Irish government intend to assume any mutual defence guarantees, despite having observer status at the WEU. While neutral EU Member States, such as Ireland, may not want to contribute to the collective defence of territorial integrity, they may be willing to cooperate on other aspects of collective security by participating in humanitarian, peacekeeping, and other crisis management operations.

Certain steps have been taken toward making the CFSP security aspects operational. The January 1994 NATO Summit declaration gave European NATO members permission to use Alliance resources and facilities for their operations under the Combined Joint Task Force (CJTF) concept. The WEU headquarters have been moved from London to Brussels, thus facilitating contact between the EU and NATO and helping to develop the WEU's operational capabilities. Also, the development of the Eurocorps, or joint European army, is seen as a promising development. The Commission has established a new Directorate-General for External Political Relations, using the staff which had been dealing with the issues under the EPC mechanism. The Directorate-General's structure and responsibilities were revised at the end of 1994.

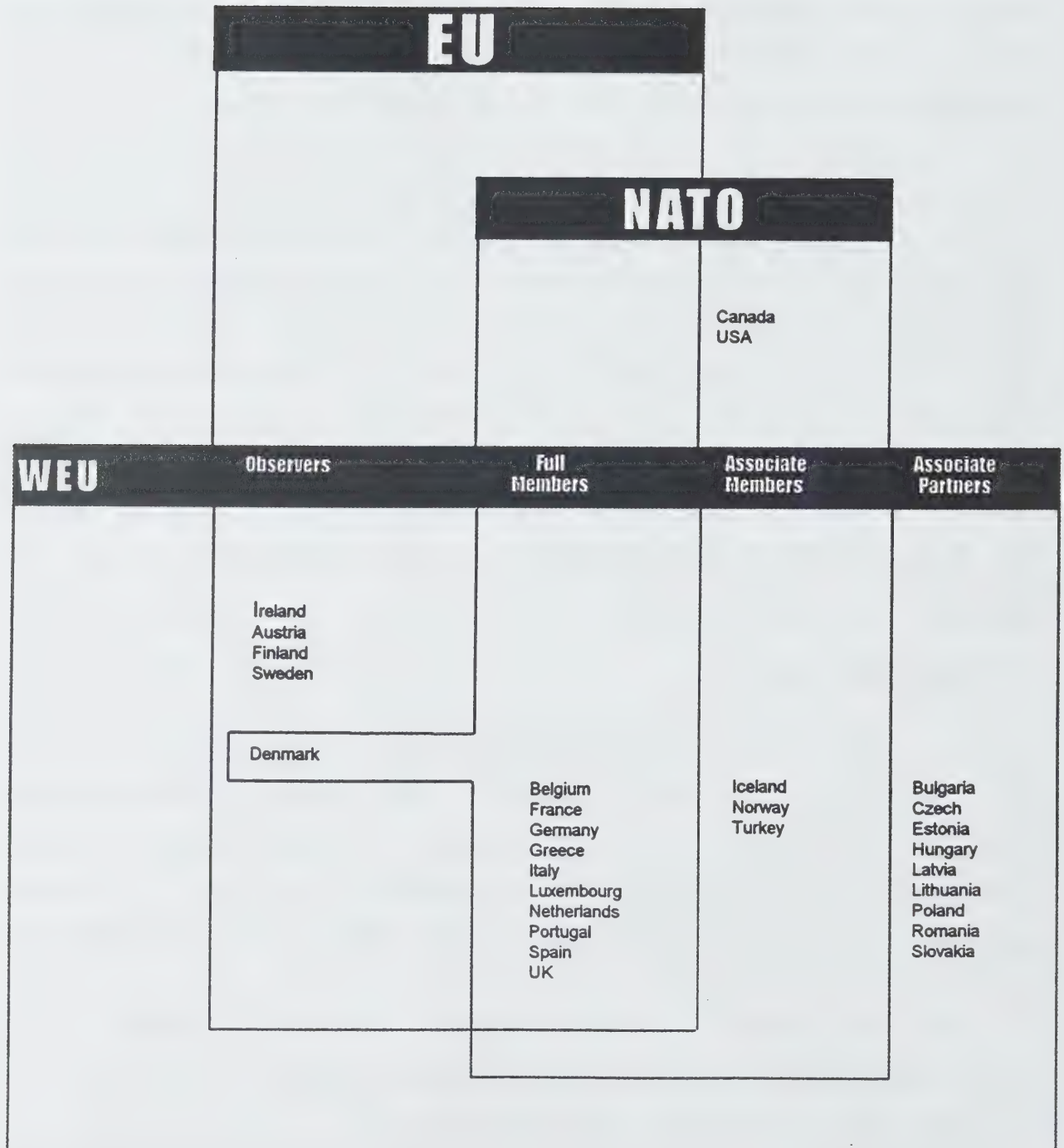
E. Proposals for Change

In preparation for the 1996 Intergovernmental Conference (IGC), the European Council called on a group of experts, "the Reflection Group," chaired by Carlos Westendorp, to study the changes needed to cope with the external and internal challenges facing the European Union. Some of the Reflection Group's proposals are:

- to create a legal personality for the European Union so that it can conclude international treaties under EU pillars 2 and 3;
- to define more carefully the various instruments -- for example, clarification of the difference between common positions and joint actions;
- to ensure greater consistency of actions taken between pillars;

¹¹¹ Ireland, Department of Foreign Affairs, *Challenges and Opportunities Abroad, White Paper on Foreign Policy*, Dublin, p. 119.

Figure 8.1



- to establish an analysis, forecasting, early warning system and planning unit to prepare a common foreign policy;
- to increase the frequency of majority voting in the Council and to explore other *ad hoc* voting arrangements, such as “unanimity minus one,” “super-qualified majority,” etc.;
- to embody the CFSP behind the figurehead of a “Mr. or Ms. CFSP”;
- to establish specific procedures ensuring the availability of funds for rapid action (the CFSP should be financed from the Community budget is one view);
- to develop further the WEU’s operational capabilities;
- to preserve the intergovernmental nature of decisions related to military participation;
- to continue improving the relationship between the EU and the WEU; and
- to integrate gradually the WEU into the EU, in parallel with the development of European operational capabilities.

F. Implications of European Integration for NATO

It is generally agreed that Europe will have to start paying more of its own defence bill. Nevertheless, the consensus of opinion the Committee heard in Europe was that NATO will continue to be needed to help maintain European security. In other words, it is recognized that European security has to be built within NATO, rather than being constructed as a single self-contained pillar. One major reason for this is that the Europeans simply cannot afford to duplicate all of NATO’s assets, particularly NATO’s intelligence and transport infrastructure.¹¹² Also, France’s return to NATO’s military committee after 30 years makes it much easier to contemplate a European defence identity inside NATO.¹¹³ Mr. Jürgen Trumpf (Secretary-General, Council of the European Union) told the Committee that since the French change in policy toward NATO, the WEU’s role as the EU defence identity is very much in doubt. So far, he said, the WEU hasn’t developed as expected.

112 This point was made by Mr. Daniel Dhavernas (Canadian Deputy Permanent Secretary to NATO).

113 In March 1966, French President Charles de Gaulle announced the withdrawal of French forces in Germany from NATO command and the closure of NATO facilities in France. However, France remained within NATO and a bilateral cooperation agreement was signed between the Alliance and the French military.

Mr. Jacques Delors told the Committee that he favours the full integration of France into NATO and that it is unrealistic for Europe to have its own defence infrastructure. He questioned whether another defence structure is needed when NATO already exists. He said that a European defence pillar could act alone (without the U.S.), but using NATO infrastructure.

However, so far the EU has appeared unable to act militarily without U.S. involvement, and this is another reason why NATO will continue to be needed in Europe. As Mr. Joe Wilson (Member of the European Parliament) told the Committee, "when the United States decides to act, it acts; the EU spends most of its time bickering." The EU's failure to act decisively without NATO involvement has been a chastening experience for those Europeans who believed that CFSP would provide the EU with a single decisive foreign policy.

The Committee was told by Mr. Wojciech Lamentowicz (Under Secretary of State, Foreign Affairs Adviser to the President of Poland) that, in his view, the European defence pillar would not develop as expected. He said that any European security organization should not be separate from, or in competition with, NATO; the Alliance is the only security organization for Europe. Wojciech Lamentowicz believes that Europe is still not self-confident enough to assume responsibility for its own security; American participation in European security is essential.

The EU's policy on enlargement into central and eastern Europe has implications for NATO. Dr. David Long (Professor of Political Science, Carleton University) told the Committee that EU expansion eastward is a security question *par excellence*. "Whether you are thinking of security in the military sense -- that is to say, in the context of a threat to the newly democratic central European countries -- or whether you are thinking about wider security questions, such as environmental security questions or migration from east to west, or even wider. These countries are adamant, furthermore, in their desire to join the

European Union. Indeed, we need to be careful. A lot of these countries, such as the Visegrad 4, are looking to the European Union anyway as a bridge to NATO membership.” (32:12-14)

NATO has made the commitment to open itself to new members from central and eastern Europe at some point in time, although it still remains unclear exactly when this will occur and which countries will be admitted. Dr. Long stated: “With regard to NATO and EU expansion, however, there is a consensus. The consensus seems to be that they should be parallel or should go together, but that they should not be rigidly linked.”(32:12) Dr. Long’s own view is that EU expansion should come first; the new countries should first be brought into the EU, and then into the WEU, and then after an interim stage, brought into NATO. He said that NATO expansion “is likely to be a long way in the future.”

Mr. Karsten D. Voigt (President of the North Atlantic Assembly, Foreign Policy Spokesman for the SPD Party in the Bundestag) gave his views to the Committee on both EU and NATO enlargement. He said that entry into the EU of the smaller states, such as the Baltics, needs to be subsidized because they cannot be allowed to join NATO at this time.

The Poles place a very high priority on joining NATO.¹¹⁴ The question of NATO enlargement was addressed repeatedly by Polish officials and Polish parliamentarians during the Committee’s visit to Warsaw. Mr. Longin Pastusiak (Deputy Chairman of the Sejm Foreign Relations Committee) acknowledged that, although there was no immediate security threat to Poland, there might be such a threat in 10 or 20 years. He said that in effect, by joining NATO, Poland would be acquiring insurance.

Polish representatives addressed also the question of how the Russians would react to NATO enlargement. In their view, NATO enlargement should be non-confrontational, and Russia should be involved in some way in European security arrangements. One method would be a bilateral pact between Russia and NATO. One Polish

114 Public opinion polls show that the Polish people are more supportive of joining NATO (90% approve) than of gaining entry to the EU (75%-80% approve).

representative pointed out that Russia is involved already in other European security arrangements, such as the OSCE.

Mr. Adam Struzik (Senate Marshall, Polish Parliament) explained that Poland's goal of joining NATO is not aimed at anyone in particular; rather, given the country's geopolitical situation, what is needed is to assure the nation's general security. He insisted that Poland wants to have good relations with Russia, but stated that his country has concerns about the state of democratic development in certain countries, including Russia and the former Yugoslavia. According to Adam Struzik, NATO should enlarge to include all the countries of central and eastern Europe.

Mr. Andrzej Towpik (Deputy Minister of Foreign Affairs, Government of Poland) told the Committee that Russia is not as isolated as it claims. It is a member of a number of international organizations, including the UN and the OSCE. He said that NATO policy is transparent and that the Alliance is no threat to Russia. Furthermore, NATO maintains relations with non-members like Russia and Ukraine.

Ms. Karen McDonald (Political Advisor, Canadian Delegation, NATO) identified two NATO outreach programs which contribute to European peace and security by involving Russia and central and eastern European countries. One is the North Atlantic Cooperation Council (NACC), which carries on a dialogue between NATO and countries of central and eastern Europe. The NACC meets twice a year and is engaged in peacekeeping, science, and environmental cooperation.

The second outreach program is the Partnership for Peace (PfP), which facilitates military budgeting, training, and democratic control of the military in central and eastern European countries. Canada's primary vehicle for assisting PfP is the Military Training Assistance Program (MTAP), whereby language training, peacekeeping, safety, staff officer training, and civil-military operations are provided. Karen McDonald told the Committee that NACC and PfP are important in that they help to keep Russia and other

countries engaged with NATO. Without NACC and PfP, she said, IFOR wouldn't be in Bosnia.

Dr. John Barrett (Head, Policy Planning and Speechwriting Section, Canadian Delegation, NATO) told the Committee that Russia has stated three conditions under which NATO enlargement can proceed: (1) no nuclear weapons should be stationed in the new member countries; (2) no NATO infrastructure should be located in these countries; and (3) there should be "no second wave" of new members.

G. Conclusion and Recommendations

Foreign affairs and security policy are of fundamental importance to sovereign states. Although Member States have willingly given up authority over trade and other economic issues to EU institutions, they have been extremely reluctant to surrender control over their foreign and security matters. Recognizing the sensitivity of these issues, the EU established limited objectives and instruments in connection with CFSP. Most importantly, CFSP maintains the intergovernmental decision-making nature of the European Political Cooperation (EPC) mechanism which preceded it.

The general impression that CFSP has not performed well is based partly on the unrealistic expectations that many had for the new policy, which, after all, made relatively modest changes to the EPC mechanism. There seemed to be a sense after Maastricht that "Europe's moment has come." After European dithering over what to do in the former Yugoslavia, the mood changed. One MEP sounded particularly disillusioned, telling the Committee that, after Maastricht, there was supposed to be a common foreign and security policy -- where is the CFSP after Europe's failure in Bosnia? The EU, he said, is an "ill-formed child" which doesn't have a single fist with which to act.

The 1996 IGC, now underway, is considering a number of proposals to improve the CFSP so as to enable the EU better "to assert its identity on the international

scene.”¹¹⁵ Although the IGC may recommend a number of changes to the CFSP machinery, it is unlikely to alter the intergovernmental decision-making process, which requires unanimity in the case of major decisions. The Committee formed the impression during interviews with European policy-makers that there is little support among the Member States for a move toward supranational decision-making in this area.

It is the Committee’s view that CFSP is not yet at the stage where it can replace national foreign policy making. Although the IGC may result in improvements to the EU’s foreign policy-making mechanism, it is unlikely to produce stronger common policies or to result in more decisive joint actions unless the collective will exists on the part of the Member States. Moreover, as the British Government has said, “if there is no collective will within the European Union to act, it is unwise to force action through artificial voting procedures.”¹¹⁶

The January 1994 NATO Summit declaration gave European NATO members the right to use Alliance resources and facilities under the Combined Joint Task Force (CJTF) concept. This allows the EU to undertake out-of-theatre missions using NATO resources, and to do so without involving the United States or Canada. Although the WEU may provide the basis of European defence cooperation, (and other organizations, such as the UN and the OSCE, have a role to play) NATO will continue to provide “the bedrock of European security.”

The Committee recommends that Canada remain a firm supporter of the North Atlantic Treaty Organization (NATO). This country has limited defence resources of its own; membership in NATO acts as a “force multiplier” which helps to guarantee Canadian national security. Membership in the Alliance also permits this country to make a valuable contribution to European and global security by participating in NATO peacemaking activities, such as the Implementation Force (IFOR) in Bosnia. By participating in NATO outreach programs, such as the North Atlantic Cooperation Council (NACC) and the Partnership for Peace program (PfP), which keep Russia and the countries of central and eastern Europe engaged with NATO, Canada also is contributing to global peace and security.

115 *Treaty on European Union*, Title I, Article B.

116 Foreign and Commonwealth Office, *A Partnership of Nations - The British Approach to the European Union Intergovernmental Conference 1996*, March 1996, p.20

With respect to NATO enlargement, the decision already has been made by the 16 NATO leaders; the only questions left are who and when? Prime Minister Jean Chrétien has said that Canada's position on NATO enlargement is that countries moving toward democracy and market economies should be accorded full membership in the Alliance.¹¹⁷ The major stumbling block is the Russian reaction to NATO enlargement. However, as Mr. John Anderson (Canadian Ambassador and Permanent Representative to NATO) explained, NATO is not marketing itself; it is responding to a "knock on the door." Moreover, according to him, we must not fail to ask the question: "What happens if we don't enlarge?"

The Committee recommends that the Canadian government consider carefully on its own merits each country's application to join NATO so as to ensure that approval of the application will serve Canada's interests. Non-member countries should not be allowed to determine who does, and who does not, become a NATO member. At the same time, NATO members must be cognizant of the reaction of outside countries.

Therefore, the Committee recommends that the Canadian government encourage NATO to continue to implement policies that will help to ensure that the enlargement process *does* contribute to enhanced security and stability in Europe. Consequently, it is imperative that NATO continue to build bridges between itself and Russia. In particular, the Committee believes that NATO outreach programs, such as PfP and NACC, have a key role to play in serving as vehicles for consultation and cooperation between the Alliance and non-member countries, especially Russia. The Organization for Security and Cooperation in Europe (OSCE) – the organization with the widest membership – also has an important role to play in securing Europe's security and stability by overcoming divisions between NATO members and non-members.

The Committee recommends also that, in enlarging its membership, NATO ensure that its decision-making ability is not hampered. In order to remain effective, the Alliance must be able to take decisions quickly on the basis of consensus. As the organization becomes larger and more heterogeneous, the danger that decision-making may become bogged down increases as members' interests come into conflict.

117 "Canada urges NATO to include Slovenia," *Financial Post*, 10 May 1996.

Finally, the Committee recommends that the Canadian government undertake a study of the implications for Canada's national interests of the development of a EU common foreign and security policy.¹¹⁸ An area which deserves attention is the linkage between NATO and the Western European Union (WEU). As EU enlargement proceeds, more countries will become members of the WEU, which is both the EU's defence component and the European pillar of the Atlantic Alliance. Should those countries that are expected to become EU members be given special consideration when they seek to join NATO? Is there a danger that EU enlargement could provide a "backdoor" means of entry into NATO for certain countries? What are the implications of the emergence of a European pillar within NATO for the nature of the Alliance?

118 The Committee understands that the Department of Foreign Affairs and International Trade intends to undertake a study of CFSP. The Committee recommends that the government make the completion of this work a priority.

IX. JUSTICE AND HOME AFFAIRS

A. Introduction

Under the so-called “third pillar” the Maastricht Treaty established cooperation in matters of immigration policy, asylum, combating drug trafficking and terrorism, combating international fraud, and other similar areas. Although some progress has been made toward increasing cooperation on justice and home affairs issues, the Member States are reluctant to surrender sovereignty in these areas. However, the prospect of common EU policies in the area of justice and home affairs offers Canada an opportunity to pursue cooperation with the Union on some of these important issues.

B. Background

As with foreign affairs and external security, issues related to justice, internal security, and immigration traditionally have been regarded as the exclusive preserve of national governments. Reluctant to transfer authority in these sensitive areas to Community institutions, Member States initially sought to strengthen their cooperation through various intergovernmental fora.

An early attempt to combat terrorism was made in 1976 when the TREVI Group, comprised of Member States’ justice and interior ministers, met for the first time.¹¹⁹ The Group was set up initially to discuss the apprehension and prosecution of fugitive terrorists, but progressively it expanded its ambit to include enforcement in other areas. The TREVI Group subsequently split into four key working groups: TREVI I, which was concerned with combating terrorism, involved liaison between police forces; TREVI II worked on public order issues, football hooliganism, forensic science, legal possibilities for tapping communications, finger-print data bases, etc.; TREVI III discussed issues involving serious organized international crime, such as drug trafficking, money laundering, law enforcement on environmental offences, and art theft; TREVI 92 covered police and security issues related

119 TREVI is an acronym which stands for terrorism, radicalism, extremism, and political violence.

to freedom of movement of persons, cross-border pursuit, the creation of a European Information System, and compensatory measures to combat the relaxation of internal border controls.¹²⁰

The Schengen Agreement, signed in 1985, commits the members (the Benelux countries, France, and Germany) to the gradual removal of checks at shared borders and free passage for anyone crossing these borders. Parts of the agreement came into force on 1 January 1986; other elements required further consultation. The Agreement provides common rules on measures to combat terrorism, smuggling, and organized crime. It also provides for the standardization of procedures affecting tourists, asylum-seekers, and legal immigrants from outside countries. Other countries have entered into the Schengen agreement -- Italy (1990), Spain and Portugal (1991), Greece (1992), and Austria (1995); and negotiations are now underway which would bring Finland and Sweden into the agreement. On 26 March 1995, other elements of the Schengen Agreement came into force between the Benelux countries, Germany, France, Spain, and Portugal.¹²¹ In April 1996, agreement was reached to bring all the Nordic Union states into Schengen, with Finland, Sweden, and Denmark accepted for eventual membership and Iceland and Norway accepted as permanent observers.

The need for greater cooperation in the areas of justice, immigration, and asylum came to the fore during the introduction of the single market program. The imminent realization of the single market gave rise to concerns that the four freedoms -- free movement for goods, services, capital, and persons -- would be exploited by criminals, terrorists, and illegal immigrants. The Maastricht Treaty reflected the realization that there was a need to bring justice and home affairs issues into the EC structure in a formal sense.

120 Juliet Lodge, "Internal security and judicial cooperation," in Juliet Lodge ed., *The European Community and the Challenge of the Future*, 2nd edition, St. Martin's Press, New York, 1993, p. 318.

121 The Senate Committee experienced first hand the results of the Schengen Agreement: travelling from Germany to France, and from France to Belgium, we found that there were no passport controls upon arrival.

C. The Maastricht Treaty

The Maastricht Treaty provides that legal competence for judicial cooperation resides in an intergovernmental arrangement. Decisions in this area by the Council of the European Union (in this case the Council on Justice and Home Affairs) are taken on the basis of unanimity, except in matters of procedure, or in cases where the Treaty specifies a two-thirds majority. The Council on Justice and Home Affairs meets formally at the ministerial level twice during each Presidency and there are one or two informal meetings. The Council is supported by a group of senior officials, known as the K.4 committee. (The Committee is named after the section of the Maastricht Treaty providing for its establishment.) The Treaty establishes three kinds of legal instruments for use by the Council in the fields of justice and home affairs. These are common positions, joint actions, and conventions.

Under Maastricht Title VI, nine areas of common interest are subject to judicial cooperation. These correspond closely to the major elements of the Schengen Agreement, and relate to concerns raised about the completion of the single market.¹²² These areas are:

- (1) asylum policy;
- (2) rules governing, and controls on, the crossing by persons of the external borders of the Member States;
- (3) immigration policy and the residence rights of third country nationals;
- (4) combating unauthorized immigration and the establishment of rules governing residence and work by third country nationals;
- (5) combating drug trafficking;
- (6) combating international fraud;
- (7) developing judicial cooperation on civil and criminal matters;
- (8) customs cooperation; and
- (9) police cooperation to combat terrorism, drug trafficking, and other serious crimes through the creation of a European-wide police intelligence office, known as Europol.

¹²² Juliet Lodge, "Internal security and judicial cooperation," in Juliet Lodge ed., *The European Community and the Challenge of the Future*, 2nd edition, St. Martin's Press, New York, 1993, p. 325.

The role of the EC's supranational institutions is limited in the area of justice and home affairs. The Commission has the right to initiate policy, but it shares this right with the Member States in six of the nine areas covered by the third pillar. The European Parliament has the right to be kept informed, the right to be consulted on the principal areas of judicial cooperation, and its views are supposed to be taken into consideration. Normally, the European Court of Justice does not have jurisdiction over third pillar disputes, but the Council may make provision for this in some areas.

D. Operational Assessment

The Commission's assessment of the achievements under Maastricht's justice and home affairs provisions states that, so far, the Council has made very little use of the Treaty's new legal instruments -- common positions, joint actions, and conventions drawn up by the Council.¹²³ According to the Commission, there is a marked preference by the Council for the use of the old instruments, such as recommendations, resolutions, or conclusions, which were available before the Treaty came into effect. With respect to the substance, "practically all the topics dealt with flow from the impetus given by the Luxembourg European Council (June 1991). In this respect the Treaty has had no significant innovative impact."¹²⁴

The Commission identified certain problems with the Treaty's legal instruments. In particular, there is disagreement over whether joint actions and common positions are mandatory or not; adoption and implementation of conventions is slow and complicated; the unanimity voting rule has been a major source of paralysis; and there is no monitoring of any actions adopted.

Problems connected also with the introduction and implementation of Title VI proposals have been identified. Although the right to initiate actions has been extended to all

123 European Commission, *Commission Report for the Reflection Group, Intergovernmental Conference 1996*, May 1995, p. 51.

124 *Ibid.*

Member States, and to the Commission in a number of areas, many proposals and initiatives, as before Maastricht, still emanate primarily from the Council Presidency. In addition, the European Parliament has not been consulted on certain initiatives of the Presidency. (However, the disagreement between the Parliament, the Commission, and the Member States over the powers and role of Parliament under Maastricht goes beyond third pillar issues.) Too many overlapping administrative structures are involved in the negotiations in this area, structures such as the Council, Coreper, the Article K.4 Committee, steering groups, and working parties. Although the Maastricht Treaty says that the Council may call on the Court of Justice to interpret and adjudicate disputes involving conventions in this area, there is disagreement between the Member States over exactly how broad a role the Court of Justice should have.

As in the case of CFSP, difficulties stem also from the lack of clear demarcation between the EU pillars -- in this case, the Community pillar and the justice and home affairs pillar. For example, in the area of visa policy, the Community establishes the list of non-member countries' nationals who require visas, while the Member States decide, on the basis of intergovernmental cooperation, the conditions under which the visas are to be issued.

E. Proposals for Change

A number of proposals for reform of the EU's third pillar have been put forward for consideration at the IGC by the Reflection Group.¹²⁵ Included are the following changes:

- The IGC should define better the objectives in this area of the Treaty; this would clarify actions contemplated and the final goals sought.
- The instruments (common positions, joint actions, and conventions) to carry out the policies in this area need to be improved. Perhaps, the intergovernmental instruments should be replaced by a legal framework.

¹²⁵ *Reflection Group's Report on the Intergovernmental Conference, 5 December 1995.*

- Policy areas should be identified where less intergovernmental decision-making is necessary to the end that the Community institutions can play a greater role (the Commission's right of initiative, control by the European Parliament and the Court of Justice, and the use of majority voting). One policy area where this might apply is the crossing of external frontiers (arrangements for aliens, immigration policy, asylum, and common rules for external border controls).
- There should be closer intergovernmental cooperation in the fields of justice and police affairs.
- The number of preparatory levels necessary for the introduction of policies should be reduced.
- The Schengen Agreement should be incorporated into the Treaty (according to some, but not all, members of the Reflection Group).

F. Conclusion and Recommendation

Dr. Gretchen MacMillan (Associate Professor of Political Science, University of Calgary) told the Committee that there had been some successes in the area of justice and home affairs, but that there had also been a great many failures. Many of the problems, in her opinion, arise from the fact that justice and home affairs issues (along with those associated with CFSP) "go to the heart of the nation state and these are probably the last areas in which the nation state is willing to give up control." (31:9)

In Ireland, the Committee heard from Gay Mitchell (Minister of State for European Affairs) that one area of potential cooperation between Canada and the EU relates to third pillar activities, such as combating drug trafficking, money laundering, and terrorism. Mr. Mitchell seemed particularly interested in obtaining Canada's cooperation in dealing with drug trafficking. He stated that third pillar issues would be given priority during the Irish presidency.

The Committee notes that justice and home affairs issues have been included in proposals for a Canada-EU Action Plan. However, we recognize that there is some resistance

within the EU to negotiating with outside countries to achieve closer cooperation in these areas. For example, in June 1995, the EU Justice Council announced new rules which restrict the EU's ability to negotiate in this area with third countries. These new rules were put into effect because of French concerns about third-country involvement in internal EU affairs. Nevertheless, Canadian ministers and officials met September 29-October 2, 1995, with Ms. Anita Gradin, EU Commissioner responsible for Immigration and Judicial Affairs. A program for further cooperation on third pillar activities resulted from this meeting.

It is in Canada's interest to be able to deal with the EU on the basis of single unified policies affecting immigration, asylum, organized crime, drug trafficking, and other third pillar issues. Not only would it be less costly and more efficient for Canada to negotiate agreements with one actor, rather than with 15 national governments, but it would help prevent criminals, terrorists, and illegal immigrants from exploiting differences in bilateral treaties between Canada and the several EU countries.

The Committee recommends that the Canadian government continue to pursue cooperation with the EU in third pillar areas. These include immigration and asylum, as well as combating organized crime, terrorism, money laundering, illegal arms trade, and drug trafficking.

X. FORGING CANADA-EU LINKS

A. The Framework Agreement

From the beginning, Canada supported European integration, believing that it was an important element in maintaining European security. As Professor Pentland explained to the Committee, concerns about certain EC protectionist practices, such as the common agricultural policy, did not come to a head until the UK decided to join the Community in the 1960s. In 1973, the UK was finally admitted to the EC, forcing Canada and other Commonwealth countries to seek other markets for agricultural exports.

At about the same time, Canadian policy-makers became concerned about the growing dominance of U.S.-based interests in the Canadian economy. American ownership of Canadian industry had been growing and Canadian trade was becoming increasingly north-south oriented. This made Canada vulnerable to changes in U.S. policies, such as the temporary 10% import surcharge introduced in 1971 by President Nixon to defend the U.S. dollar. These factors led Secretary of State for External Affairs, Mitchell Sharp, in 1972, to propose the so-called "third option" under which Canada adopted a long-term policy designed to strengthen the Canadian economy and to reduce Canadian vulnerability to the U.S.¹²⁶ In practice, however, the third option came to be associated solely with obtaining a "contractual link" with Europe rather than with the goal of general economic diversification.

The European Community also saw some potential benefits from the establishment of a link with Canada. To the EC, Canada represented a source of abundant natural resources and raw materials. Furthermore, the Europeans were accumulating significant direct investments in Canada and were concerned about the effect that Foreign Investment Review Agency (FIRA) rulings might have on these.

¹²⁶ The first option was to maintain Canada's existing relationship with the U.S. and the second option was to move toward closer integration with the United States.

In 1976 Canada and the European Union signed the *Framework Agreement for Commercial and Economic Co-operation Between Canada and the European Communities*. This Agreement, which laid out a structure to manage and develop cooperation between business and governments, was intended to promote reciprocal commercial exchanges and to foster mutual economic cooperation.

The Agreement established a Joint Co-operation Committee (JCC) in which senior officials from the Government of Canada and the European Commission, as well as representatives from the Canadian provinces and the EU Member States, meet regularly. A number of sub-committees and working groups, each pursuing cooperation in its own area, report to the JCC. The Framework Agreement also established a tradition of regular meetings between the Canadian International Trade Minister and the European Commissioner responsible for External Economic Relations.

It is difficult to evaluate the results of the Framework Agreement. It can be argued that, in terms of success in diversifying Canada's commercial relations, the Agreement failed to deliver. Canada's exports to the EC over the past 19 years have continued to decline as a proportion of total exports. This is, perhaps, not surprising given the fact that the Agreement "created few obligations and no special rights for the contracting parties, and it offered no advantages that would stimulate the interest of businessmen."¹²⁷

Nevertheless, the Framework Agreement laid the foundation for cooperation between government officials. And this led to the creation of the Industrial Cooperation Sub-Committee, which pursues areas of mutual interest in the industrial policy field, and the Trade and Investment Sub-Committee, which provides a warning system for potential trade irritants. Other areas of cooperation have been developed in specific sectors, such as metal and minerals, wood and paper products, and information technologies. Special annual

127 Daniel Roseman, "Canada-European Community Relations: An Agenda for Action," *Behind the Headlines*, Spring 1989, p. 6.

consultations take place between Canadian and EU representatives in the environmental and telecommunications fields.

B. The Transatlantic Declaration

In 1990, the *Declaration on EC-Canada Relations*, or Transatlantic Declaration, was issued. The Transatlantic Declaration (TAD) broadens the scope of political dialogue between Canada and the EU. Most importantly, it provides for annual meetings between Canada's Prime Minister and the President of the Council of the European Union. For example, Prime Minister Chrétien met with EU President Jacques Santer and French President Jacques Chirac in June 1995 during the G-7 Summit in Halifax. Also, other meetings have taken place in the context of the TAD, including the meeting between Canada's Prime Minister Jean Chrétien and Italian Prime Minister Lamberto Dini in January 1996 at the Sharm al Sheik Summit, the visit by Sir Leon Brittan to Ottawa in March 1996 for discussions with International Trade Minister Art Eggleton, the meeting between Canada's Foreign Affairs Minister Lloyd Axworthy and Italian Foreign Minister Lamberto Dini in Berlin in April 1996, and the TAD Summit with Canada's Prime Minister Jean Chrétien, European Commission President Jacques Santer, and Italian Prime Minister Romano Prodi, which took place in Rome on 26 June 1996.

C. The Science and Technology Cooperation Agreement

The *Canada-European Union Agreement for Science and Technology Cooperation* was signed in June 1995 on the margins of the G-7 Summit in Halifax. It provides Canadian companies, universities, and research institutes an opportunity to compete (with their European partners) for projects under the European Commission's Framework Research and Technological Development (RTD) Program. For the years 1994-98, the Commission has earmarked about \$21 billion for the RTD program, which will cover all research and technological development activities funded by the EU, rather than by the Member States themselves.

The Department of Foreign Affairs and International Trade has identified the Agreement as an important element in the strategy to develop transatlantic links. In October 1995, the Department held three major conferences, one in Montreal, a second in Toronto, and a third in Vancouver, to inform the Canadian business community of the opportunities provided by the Agreement. According to the Department, over 60 Canadian organizations, in conjunction with their European partners, are already competing for EU Research and Development projects.

D. The Higher Education and Training Cooperation Agreement

On 19 December 1995, Canada and the EU signed the *Agreement Establishing a Cooperative Program in Higher Education and Training*. This agreement is designed to encourage joint projects between consortiums mainly of institutes of higher education, from both sides of the Atlantic, thus increasing the international mobility of students. At the closing date for the first competition, 56 proposals for joint programs had been made.

E. Parliamentary Links

In addition, Canada has extensive contacts with Europe through parliamentary associations and friendship groups. Direct links between the Canadian and European parliaments are maintained through the Canada-Europe Parliamentary Association (CEPA), officially established in 1980. CEPA is responsible also for maintaining contacts with other European organizations, such as the Council of Europe, the Western European Union, and the Organization for Security and Cooperation in Europe; however, CEPA's main focus of activity and exchange is with the European Parliament.

CEPA membership numbers over 200 Canadian MPs and Senators with an average of more than 30 members participating in delegations annually. Canadian delegations visit Brussels every second year while Canada hosts Members of the European Parliament in the other years. CEPA provides members with a means of learning about European developments and gives them an opportunity to make known Canadian views on issues of

importance to Canada, such as fisheries, trade, and environmental matters. It is Canada's turn in 1996 to host the meeting of the parliamentary delegation.¹²⁸

F. The Transatlantic Dialogue

1. The Origins of the Transatlantic Dialogue

Credit for launching the transatlantic dialogue between Europe and North America goes to Canada's former International Trade Minister Roy MacLaren. The seed of the idea was planted in a September 1994 speech by Mr. MacLaren when he asked the question: if we can contemplate free trade with Latin America and with Asia Pacific, why not negotiate a free trade agreement with our traditional trading partners in Europe?(27:8)

Subsequently, Prime Minister Chrétien, addressing the French Senate on 1 December 1994, proposed the negotiation of a trade liberalization agreement between the NAFTA countries and the European Union. In other speeches, MacLaren developed further the transatlantic free trade idea, calling for "the removal of industrial tariffs by a specified date," and for agreements on investment and competition.¹²⁹

Paul Dubois (Director General, Western Europe Bureau, DFAIT) told the Committee that two of Canada's most important trading partners, the United Kingdom and Germany, responded extremely favourably to the idea of strengthening transatlantic economic links. In fact, according to Mr. Dubois, the German Foreign Minister, Klaus Kinkel, was enthusiastic about the concept of a free trade agreement between Canada, the United States, and the European Union. The same was true in Great Britain, where both Malcolm Rifkind, the current Minister of Foreign Affairs, and Douglas Hurd, his predecessor, were "very open to the Canadian message" and encouraged Canada to develop the dialogue.(27:8) The TAFTA

128 It should be noted that this year's meeting has been put on hold because of pro-separatist comments by the President of the European Delegation, Mr. Georges Berthu, made in Canada during the Quebec Referendum.

129 Roy MacLaren, *Canada's Trade Policy for the 21st Century: The Walls of Jericho Fall Down*, Notes for an address by the Honourable Roy MacLaren, Minister for International Trade, to the Centre for International Studies and the Centre for International Business, University of Toronto, Toronto, 18 January 1995.

proposal was also received favourably by other EU countries, including Italy, Sweden, and the Netherlands.

However, some other countries, France and the United States, for example, were at best lukewarm to the idea of transatlantic free trade. One U.S. official dismissed the idea out of hand, calling it “an idea in search of a problem.” Nevertheless, Canada’s TAFTA proposal seems to have given impetus to a new dialogue between Europe and North America. This point was confirmed to the Committee by officials in Europe. Mr. Stephen Wright (British Undersecretary of State (EU)), told the Committee that Roy MacLaren had made an enormous contribution to the transatlantic debate by putting forward the TAFTA proposal. According to Wright, Mr. Rifkind is still committed to the TAFTA concept.

2. The U.S.-EU Action Plan

In the spring of 1995, the Spanish approached the United States with a proposal to renew U.S.-EU relations. In a 2 June 1995 speech in Madrid, U.S. Secretary of State Warren Christopher, while skirting the transatlantic free trade issue, recognized the need for a new relationship. This speech signalled that the U.S. was willing to take up the Spanish offer to negotiate a new U.S.-EU partnership.

When discussions began between the U.S. and the EU on the possibility of a joint action plan, the Canadian government pressed for the trilateralization of the negotiations. The rationale for Canadian participation, according to Mr. Jean-Pierre Juneau (Assistant Deputy Minister, Europe Branch, DFAIT), was to maintain a level playing field for trade and investment between the European Union and North America. “New transatlantic trade and/or investment agreements that exclude Canada could have negative economic consequences for Canadian jobs and growth.” (1:11)

But two events intervened, making it impossible for Canada to gain entry to the negotiations. First, in March 1995, Canadian authorities seized the Spanish fishing vessel, *Estai*, in international waters, souring Canada-EU relations. When Sir Leon Brittan visited

Ottawa in May 1995, he put Canada on notice that relations would be strained for some time.¹³⁰ Second, on 1 July 1995, Spain assumed the Presidency of the Council of the European Union, thus acquiring control of the EU agenda for the next six months.

On 3 December 1995, U.S. President Bill Clinton, the President of the EU Commission, Jacques Santer, and the President of the Council, Felipe Gonzalez, meeting in Madrid, signed an accord entitled, the *New Transatlantic Agenda*. This accord establishes a *Joint U.S.-EU Action Plan* with four shared goals: *Promoting peace and stability, democracy and development around the world* (foreign policy and security issues); *Responding to global challenges* (cooperation in the areas of justice, immigration, health and the environment); *Contributing to the expansion of world trade and closer economic relations* (strengthening multilateral trade and creating a new transatlantic marketplace); and *Building bridges across the Atlantic* (the transatlantic business dialogue and cooperation in science and technology).

The third element of the Action Plan -- *Contributing to the expansion of world trade and closer economic relations* -- is made up of three sections -- (1) *Strengthening the multilateral trading system*; (2) *The New Transatlantic Marketplace*; and (3) *Jobs and growth*.

With respect to *Strengthening the multilateral trading system*, the Action Plan exhorts the two parties:

- to adhere to multilateral rules;
- to ensure a successful Singapore ministerial meeting of the WTO;
- to complete unfinished business from the Uruguay Round (including telecommunications and maritime services);
- to launch negotiations on government procurement;
- to ensure the full implementation of the TRIPs agreement;
- to deal with “new” trade issues involving the environment, investment, competition policy, and labour standards;

130 See earlier discussion on Canada-Europe irritants.

- to conclude an Information Technology Agreement;
- to explore the possibility of further tariff reductions on industrial products and the acceleration of Uruguay Round tariff cuts;
- to develop international standards for customs procedures; and
- to implement the 1994 OECD Recommendation on Bribery in International Transactions.

The second part of the trade and economics section -- *The New Transatlantic Marketplace* -- sets out the matters that the EU and the United States intend to address on a bilateral basis.

The New Transatlantic Marketplace calls on the U.S. and the EU:

- to carry out a joint study on ways of facilitating trade in goods and services and further reducing or eliminating tariff and non-tariff barriers;
- to resolve bilateral trade issues and disputes;
- to conclude agreements on standards, certification and regulatory issues;
- to conclude an agreement on veterinary standards;
- to increase the coverage of the U.S.-EU bilateral commitment on public procurement;
- to address intellectual property issues;
- to expand the dialogue on financial services to include aspects of relations with third countries;
- to conclude a customs cooperation and mutual assistance agreement;
- to expand and develop the bilateral Information Society Dialogue;
- to reduce obstacles to cooperation in research and development in the field of information and communications;
- to examine options for deepening cooperation on competition;
- to discuss data protection issues;
- to consult on design and implementation of Global Satellite Systems, improve cooperation on air traffic management and consult on maritime transport safety;
- to intensify cooperation on energy-related issues;

- to cooperate in the area of biotechnology; and
- to explore an agreement for the exchange of information on health and safety issues at work

3. Canada-EU Negotiations

The Canadian government has continued to make the case that the transatlantic initiative should include Canada, in other words, that it should not be a bilateral process involving only the European Union and the United States. Nevertheless, in the absence of trilateralization, the Canadian government began to proceed along a track parallel to that of the United States and the EU. In October 1995, Canada and Germany formed a working group to develop an outline for a Canada-EU Action Plan.

The fruit of this collaboration, a working document outlining a Canadian proposal for a Canada-EU Action Plan, was presented by Canada to the European Commission and the Italian Presidency in January 1996. The document, which forms the basis of the Canadian government's negotiations with the EU on an Action Plan, covers three main areas: *(i) Economic and Trade Issues; (ii) Foreign Policy and Security Issues; (iii) New Global Challenges.*

(i) Elements of the Canadian Proposal for an Action Plan

(a) Economic and Trade Issues

The Canadian government supports the initiation of a transatlantic study on ways to facilitate trade in goods and services and to reduce further or to eliminate tariff and non-tariff barriers. In addition, it advocates a number of other steps including:

- the early resolution of trade disputes;
- the establishment of an early warning system to prevent trade and investment disputes;
- the reduction and elimination of non-tariff barriers by harmonization and development of product standards and through mutual recognition of certification and testing procedures;
- the early completion of WTO negotiations on procurement;

- the conclusion of a multilateral investment accord at the OECD;
- the completion of negotiations in telecommunications and maritime services and cooperation and consultation in other service sectors;
- work on new issues, such as trade and the environment, trade and competition policy, and trade and labour standards;
- better harmonization of export controls on dual-use goods and the creation of more convergence on arms export policies;
- expansion of the Information Society Dialogue;
- more cooperation on science and technology, including biotechnology; and
- full participation of Canadian business in the Transatlantic Business Dialogue.

(b) Foreign Policy and Security Issues

The Canadian document of January 1996 states that Europeans, Canadians, and Americans have a pre-eminent stake in the security of Europe, the spread of democracy, the rule of law, respect for human rights, and support for effective international efforts in the resolution of international and civil conflicts. Canada is committed, it says, to a process of strengthening the ability of Europe and North America to act together. The Canadian government believes that Canada and the European Union should strive to achieve the following:

- a commitment to NATO and to opening NATO to new members and adaption to new missions;
- to strengthen the OSCE;
- an active dialogue between the Western European Union and Canada and the United States in the development of a European defence identity;
- increased transatlantic consultation and cooperation in multilateral and regional fora, such as the UN and in organizations such as the EBRD;
- regular joint consultation by Ministers and by officials on political developments in other regions;

- an improvement of UN humanitarian operations and of the coordination of Canada and EU aid programs; and
- joint action to prevent conflict in the North Atlantic, central and eastern Europe, and elsewhere in the world.

(c) New Global Challenges

According to the document, the Canadian government believes that there is substantial scope for greater transatlantic cooperation in the areas of justice and domestic policy issues, and that discussion in this area should incorporate the following items:

- exploration of joint measures to address all forms of international organized crimes including drug trafficking, terrorism, hate crimes, computer crimes, money laundering, the smuggling of firearms and radioactive materials, etc.;
- increased cooperation on the movement of people and in combatting illegal migration;
- cooperation in combatting sex tourism;
- coordination in the development of the information highway;
- cooperation to enhance transborder data flows;
- better coordination in the delivery of legal and technical assistance programs in justice and home affairs for central and eastern Europe;
- cooperation in transborder environmental issues and sustainable development;
- cooperation on the sustainable development of the Arctic; and
- cooperation for further recognition and enforcement of civil judgments.

(ii) Discussion of the Canadian Proposal for an Action Plan

Many of the issues set forth in the United States-EU Action Plan are addressed in the Canadian proposal. However, as Mr. Juneau explained to the Committee, the Canadian proposal is much more concise than the EU-U.S. Action Plan. First, through the various bilateral agreements outlined earlier, Canada already has advanced its relationship with the EU much further than has the U.S. For example, as already mentioned, the 1976 Framework Agreement requires annual consultations between Canadian and EU officials on matters of

joint concern; and the 1990 Transatlantic Declaration mandates annual meetings between the Canadian Prime Minister and the EU President. In addition, Canada has new bilateral agreements covering both (a) education and (b) science and technology.

Second, according to Mr. Juneau, "the Canadian proposal is a more focused, action-oriented agenda than the EU-U.S.A. plan. The Canadian proposal addresses our priority interests. Among these, economic and trade elements figure prominently." (1:12) The Canadian government's short-term economic objectives include "the resolution of outstanding bilateral trade disputes, acceleration of scheduled WTO tariff reductions, the conclusion of a series of bilateral agreements currently under negotiation, enhanced cooperation in the WTO, and a more active transatlantic business dialogue." (1:12)

Although the Canadian government believes that there is not enough support in Europe or the United States just now to reach an agreement on a transatlantic free trade area, one of its long-term objectives, according to Mr. Juneau, includes "the reduction and, where possible, eventual elimination of barriers to transatlantic trade and investment." (1:12) One element in the strategy is the proposal for a transatlantic study to determine ways to facilitate trade in goods and services. The government has identified the transatlantic study proposal and a number of other issues as those which should be pursued on a trilateral basis. In the preamble to the proposals, the government states: "We recommend that this action plan be pursued on a trilateral (Canada, USA, EU) basis wherever a trilateral basis is appropriate and offers reasonable opportunities for achieving substantial results."

(iii) The European Commission's Proposal for an Action Plan

On 28 February 1996, the European Commission, with the purpose of ensuring better cooperation on economic, political, and security issues, submitted to the Council its own proposals for closer ties with Canada. The Commission document proposals are covered under four main areas: (i) *Foreign policy and security*; (ii) *Trade cooperation and investment*; (iii) *Justice and home affairs*; (iv) *Building bridges*.

The Commission document touches upon some of the areas that are brought forward in the Canadian proposals. In the area of foreign policy and security, the Commission document is less precise than the Canadian proposals. The trade and investment issues highlighted by the Commission are virtually the same as those presented in the Canadian government document. One difference is that the Commission document contains a section on the importance of a sound macroeconomic framework for the “development of a harmonious relationship and the possibility of Canada and the EU exchanging views on macroeconomic issues.”

A second difference is that the Commission makes specific reference to an outstanding dispute between Canada and the EU. This disagreement arises from the fact that Canada has not signed the bilateral fisheries agreement of 1992, which includes the re-opening of Canadian waters and ports to Community vessels.¹³¹

The section of the Commission paper on “Justice and home affairs” corresponds to Part “C” “New Global Challenges” in the Canadian government paper. The Commission concentrates on dealing with only three issues in the short term -- immigration and asylum, international crime, and the smuggling of illegal immigrants and trafficking in women. However, it opens up the possibility of cooperation across a broad range of justice and home affairs issues.

The Canadian proposals do not include a section corresponding directly to the Commission paper’s Part (iv) on “Building bridges.” This section presents ways that links between people and businesses on both sides of the Atlantic can be promoted. The paper proposes cooperation in the areas of science and technology, multi-media use in education and health care, discussions on regional development policies, increased contacts between citizens, study of each others’ government, cultures, and languages, and mutual recognition of university studies and degrees.

¹³¹ The fact that the Commission mentions only this one dispute suggests the importance that is placed on its resolution. It is to be noted that, on 31 May 1996, the Government of Canada announced that Canadian ports were being re-opened to EU fishing vessels.

(iv) The Action Plan Negotiations Reach an Impasse

On 18 March 1996, Sir Leon Brittan met in Ottawa with the Prime Minister and the Ministers of Foreign Affairs and of International Trade to launch the negotiations on the action plan between Canada and the European Union. The Commission proposals were approved by the Council of the European Union on 25 March 1996. However, negotiations between Canada and the EU could not be concluded in time for an approval ceremony in Rome on 26 June 1996 between Canada's Prime Minister Jean Chrétien, European Commission President Jacques Santer, and Italian Prime Minister Romano Prodi.

Just days before Prime Minister Jean Chrétien left for Rome, the negotiations on the Canada-EU Action Plan were suspended. Once again, the Spanish had managed to derail the negotiations by raising objections to Canada's fisheries policies. The disagreement arose over language in the proposed Action Plan calling for cooperation to combat the "extraterritorial" application of national laws. This section of the Plan was intended to promote Canada-EU cooperation in the fight against the U.S. Helms-Burton legislation, which penalizes foreign companies and individuals allegedly "trafficking" in U.S.-claimed assets in Cuba. Both Canada and the EU have strongly condemned the extraterritorial application of U.S. law represented by Helms-Burton.

The EU focused on this provision of the Action Plan, arguing that it was inconsistent for Canada to oppose the principle of extraterritoriality in the Helms-Burton legislation while at the same time applying Canadian fisheries law in the North Atlantic outside the internationally-recognized 200-mile limit of national jurisdiction. Two possible options would have satisfied EU objections to Canada's fisheries law. First, Canada could have rescinded Bill C-29, which amended the *Coastal Fisheries Protection Act* to enable the Canadian government to enforce the protection of straddling fish stocks outside the 200-mile limit. The second option offered to Canada was to modify Bill C-29 to exempt EU fishing vessels from the application of the law.

Since the Canadian government was not prepared to accept either of these solutions, the negotiations over the Action Plan came to an impasse. The Canadian government hopes to be able to revive the negotiations during the Irish presidency of the Council. However, one side or the other will have to modify its position if an agreement is to be reached. At this point, the Canadian government will not do or say anything concerning the application of Canadian law outside the 200-mile limit that might jeopardize this country's case concerning the seizure of the Spanish fishing vessel, *Estai*, which case is presently before the International Court of Justice

Without a change in Canadian fisheries policy, it is unclear that a new Canada-EU Action Plan would receive a better reception from the Spanish than did the first one. While there are those who believe that the Spanish are ready to seize on any opportunity to wreck the Action Plan negotiations with Canada, others believe that it would be advisable for Canada and the EU to resume negotiations during the Irish presidency as there has been agreement on 95% of the Action Plan and complete agreement on the Political Declaration.

G. Conclusion and Recommendations

Obviously, the suspension of the negotiations in June 1996 represents a serious setback to the achievement of a Canada-EU Action Plan. However, the plan is not dead; the government expects to revive these negotiations sometime during the Irish presidency, which extends from 1 July to 31 December 1996. Moreover, the Committee believes that the suspension of these negotiations illustrates vividly the problems for Canada in dealing with the European Union. Two points raised earlier in connection to EU enlargement are worth repeating here.

First, Canada's relations with the EU can easily be held hostage to a dispute over a single issue involving primarily the interests of one Member State. In such cases, a problem with one member country automatically translates into a problem with the entire Union. As enlargement proceeds, the EU will be obliged to defend a growing number of individual national interests. This heightens the danger that Canadian and EU interests will come into conflict.

Second, a medium-sized country, such as Canada, is at a decided disadvantage in dealing with a large bloc of countries, like the EU. Moreover, the EU's economic and political leverage will grow in relation to that of Canada as the Union absorbs up to 13 more countries. The growing imbalance of power will place Canada in an increasingly disadvantageous bargaining position.

The Committee concludes that negotiations with the EU can prove difficult and are likely to become more difficult as new members are absorbed. As a medium-sized country, Canada will often find it advantageous to pursue negotiations with the EU on a plurilateral or a multilateral basis. If, for example, the Action Plan negotiations had proceeded on a trilateral basis (with the United States included) as Canada originally intended, it seems unlikely that the EU would have blocked an agreement in order to send a message to Canada concerning the extraterritorial nature of Bill C-29.

The suspension of the Action Plan negotiations over a single issue demonstrates the potential benefit of engaging the support of other countries in future negotiations in order to offset both EU power and the interests of individual Member States. Conducting negotiations under the auspices of multilateral fora, such as the Organization for Economic Cooperation and Development (OECD) and the WTO, provides one way of counterbalancing EU power. However, the Action Plan negotiations are an attempt to achieve a bilateral agreement which aims to fill in the gaps in the multilateral framework. The Committee recommends that, in future negotiations involving Canada and the EU, the Canadian government try to enlist the participation of the United States. Like Canada, the United States has a strong interest in opening up the EU market. Moreover, the United States is the only country with sufficient economic and political weight to offset that of the European Union.

The Committee continues to support the government's initiative to negotiate a Canada-EU Action Plan designed to expand and deepen the transatlantic relationship.

We recommend that the Canadian government pursue the Action Plan negotiations during the Irish presidency. Clearly, however, the success of the negotiations will depend on whether Canada and the EU can resolve the outstanding bilateral fisheries issues, primarily involving the appropriate method of protecting fish stocks outside the 200-mile territorial limit.

The Committee believes that the ultimate goal of transatlantic negotiations should be the dismantling of barriers to the free movement of goods, services, and investment across the Atlantic. If Canada and the United States can consider negotiating free trade with Latin America and Asia Pacific, surely the idea of a transatlantic free trade area should not be ignored. It is clear, however, that the goal of transatlantic free trade will not be won easily. As noted earlier, several countries, including France and the United States, are hesitant to discuss the possibility. Indeed, the term "free trade" no longer is being used in connection with the transatlantic dialogue. Instead, the EU and the U.S. have agreed to carry out a joint study on the creation of a "New Transatlantic Marketplace."

The Committee recommends that the Canadian government continue to press to have the study on transatlantic trade barriers carried out on a trilateral basis. Although it is unclear that such a transatlantic trade study would form the basis of a concrete plan for bilateral trade liberalization, we believe that Canada should be involved from the outset. Otherwise, there is a danger that two separate bilateral studies (Canada-EU and U.S.-EU) would eventuate in two separate bilateral trade agreements. This raises the possibility that the U.S., with its greater economic and political weight, could negotiate better access to the EU market than Canada can obtain and/or that the U.S. could become a more attractive location for investment compared to Canada. On the other hand, a trilateral trade agreement would ensure that Canada obtained access to the EU market equivalent to that attained by the U.S.

Any commitment to undertake another round of tariff reductions under the WTO is absent from both the Canadian Action Plan proposal and the Commission document. In contrast, the U.S.-EU Action Plan commits the U.S. and the EU to explore the possibility of negotiating a package of tariff cuts on industrial products and to consider accelerating tariff reductions already agreed to under the Uruguay Round. The U.S.-EU Action Plan also states

the intention to conclude an Information Technology Agreement (ITA) which could eliminate tariffs on ITA-type products, including telecom equipment, computers and computer parts, semi-conductors, and so on. The Canadian proposal does not contain a specific commitment to conclude the ITA negotiations.

It is easy to underestimate the effect that tariffs still have on Canada-EU trade. Mr. Juneau told the Committee that the fact that many of our leading exports already enter the EU duty-free renders marginal the direct economic gain that we could attribute to a transatlantic free trade agreement. From a macroeconomic perspective, this is true. However, Mr. Juneau agrees with us that there are substantial microeconomic gains that would be produced by further tariff cuts.

The Committee believes that the government needs to examine EU tariff levels. We realize that *average* EU tariff levels appear quite low (3.6% on a trade-weighted basis post-Uruguay Round). However, this obscures the fact that EU tariffs are sufficiently high in certain sectors to restrict important Canadian exports.¹³² For example, the Committee was told by Alcan representatives that, although the EU is one of the world's most promising aluminum markets, the EU tariff of 6% on aluminum ingot remains an effective barrier to Canadian aluminum exports. Moreover, a representative from Newbridge Networks told the Committee that the EU tariff facing the company's telecommunications equipment exports had recently been *revised upwards* from 4.5% to 7.5%. These are only two examples; yet they illustrate the need for more tariff reductions. In the case of aluminum, such tariff reductions would have to take place in the context of another round of multilateral tariff negotiations.

132 As noted earlier, the Committee was told by the Minister for International Trade, the Honourable Art Eggleton, that even after reducing tariffs under the Uruguay Round, the EU will still levy significant duties on products such as aluminum, copper and non-ferrous metals, chemicals, telecommunications equipment, fish and consumer-packaged fish products, agricultural products, and wood products. Duties on these goods range from 3 to 20%, but up to 25% for certain fish products. Canada could better compete in the European market if we had a level playing field with other countries already granted preferential entry, according to the Minister.

The Committee recommends that Canada be in the forefront of countries calling for another round of multilateral tariff negotiations. Therefore, the Canada-EU Action Plan should contain a commitment to undertake negotiations on a new package of multilateral tariff reductions.

With respect to telecommunications equipment tariffs, proposals have already been put forward in the Quadrilateral for an Information Technology Agreement (ITA) that would eliminate tariffs on telecom equipment.

The Committee recommends that the Canada-EU Action Plan include a statement of Canada's intention to conclude the Information Technology Agreement (ITA) negotiations.

Non-tariff trade barriers, such as product standards, testing and certification procedures, can also be a problem for Canadian exporters. For example, the Committee was told that North American certification and testing for telecommunications equipment are not acceptable in Europe, with the result that Canadian-made telecommunications equipment must be re-tested and re-certified for use in Europe, at a cost of about \$40,000 per product. As cited earlier, one company, Newbridge Networks, calculates that it would cost \$30 million to certify all its products for sale in Europe.

The Committee notes that the proposed Canadian Action Plan states the government's intention to reduce and eliminate non-tariff barriers by harmonization and development of product standards and through mutual recognition of certification and testing. The European Commission proposal emphasizes also the importance of developing regulatory cooperation and of the early completion of mutual recognition agreement negotiations.

The Committee was pleased to see that the Canadian proposal suggests a broad range of "third pillar" issues where Canada and the EU can cooperate, including transborder environmental issues and sustainable development of the Arctic. One issue that particularly concerns the Committee is the disposal of nuclear weapons in the Arctic. The problem is

especially acute in the Russian Kola peninsula where Russian nuclear submarines are waiting to be decommissioned. Other sorts of nuclear waste also are seeping into the ground and into streams and bays. In addition, toxic waste from southern regions is flowing into rivers and streams that empty into the Arctic.

The Committee recommends that, as a member of the Arctic Council, Canada should cooperate fully and diligently with the EU Arctic nations, Finland, Denmark (Greenland), and Sweden, in the context of the Action Plan, to deal with the problems arising from Arctic contamination. Also, the government should work with non-EU Arctic countries, such as Norway, U.S.A., and Russia, to establish a plan to deal with the problem.

XI. CONCLUSION

Throughout this century Canadians have had a deep interest in "the liberties of Europe." That we have had this interest is readily understandable: a great many Canadians have strong and lively ties with that part of the world. There are Canadians with origins in Great Britain, France, Ireland, Germany, Italy, Ukraine, Portugal, Poland, Greece, the Netherlands; indeed, from every country in Europe. Our European traditions are reflected in our parliamentary institutions, in our system of justice, in our belief in democracy and in the value of individual rights, and our view of the efficacy of markets in organizing economic activity.

Canadians have demonstrated the importance they place on preserving a free and peaceful Europe. Over one hundred thousand Canadians gave their lives in two world wars (most of these in Europe) and Canadian troops were stationed in Europe throughout the Cold War. Recently, we have been involved in peacekeeping in the former Yugoslavia, first in the United Nations force, and now in IFOR. The Committee believes that NATO will continue to provide the bedrock of European security and that Canada should remain a firm supporter of the Alliance.

Canada's continuous security commitment to Europe needs to be emphasized because it bears on Canada's attitude toward European integration. Security concerns lie at the heart of the origin of European integration efforts. The European Coal and Steel Community and the European Economic Community were born, in part, out of the need to prevent new European conflagrations by binding European countries together economically. And in the minds of the architects of European integration -- Jean Monnet and Robert Schuman -- economic integration was to lay the foundation for political union.

How successful have these architects of European integration been in creating a zone of peaceful coexistence? For the first time in centuries, the major causes of European conflict seem to have been removed. Consequently, from the standpoint of helping to ensure

European peace and security, Canadians should continue to support European integration efforts.

The end of the Cold War has prompted both Canada and the United States to re-evaluate their interests in Europe. For Canada, a main priority now is to build a solid economic partnership with the EU in order to promote trade, economic growth, and prosperity. Proposals by the former Minister for International Trade, Roy MacLaren, and Prime Minister Jean Chrétien for free trade between NAFTA and the EU helped to start a new transatlantic dialogue. In December 1995, this resulted in a U.S.-EU Action Plan and a proposal for a parallel Canada-EU Action Plan was expected to be concluded by the end of June 1996.

The suspension of the Action Plan negotiations illustrates the difficulty of negotiating with the EU where a dispute over a single issue involving the interests primarily of one Member State has the power to disrupt Canadian relations with the entire Union. Moreover, as EU membership rises from the present number of 15 countries to as many as 28 members, it will be obliged to defend a wider diversity of national interests. This increases the possibility that some Canadian policy will offend one EU Member State, thereby running afoul of the entire Union. Also, the EU's economic and political leverage with outside countries will increase as it absorbs new Member States, making Canada's negotiating position more and more disadvantageous.

European integration initiatives make this an opportune time to re-affirm and strengthen long-standing Canada-European links. The Maastricht Treaty established the common foreign and security policy (CFSP) in order that EU Member States may speak and act together on the world stage. The Committee found that, thus far, the CFSP has not created a single, decisive EU foreign policy. However, the 1996 Intergovernmental Conference underway in Europe may result in changes that will improve CFSP's performance.

In order to coordinate better the battle against terrorism, organized crime, drug trafficking, and illegal immigration, Maastricht established EU cooperation in the area of justice and home affairs. Here again, the IGC will discuss proposals to deal with problems associated with the new mechanism.

Perhaps the most significant development is the EU's plan to create an economic and monetary union. The decision to introduce a single European currency and a common monetary policy may represent the greatest surrender of national sovereignty by the Member States since the Treaty of Rome was signed in 1957. For EMU members, national monetary policy will no longer be available as a stabilization policy tool, and deficit spending by Member States' governments will be restricted. With respect to outside countries, such as Canada, EMU may affect exchange rates, trade and investment patterns, and international economic policy coordination.

The EU's commitment to further enlargement presents other challenges to outside countries. Previous EU enlargements have raised trade barriers against some of Canada's major exports, particularly in the agricultural sector. In the next five to ten years, as many as 13 more countries may accede to the Union, with additional trade diversion a possible result. If the EU will agree to negotiate further significant tariff reductions, there will be less likelihood that new Member States will need to raise their import duty rates in order to harmonize these with the EU Common Customs Tariff. This is one reason why the Committee believes that it is imperative that the Canadian government press for further multilateral tariff reductions.

There are additional reasons why the Canadian government should strive for further trade liberalization. Constantly we are reminded that the European Union is the world's largest market. However, trade data indicate that Canada's share of this important market has been declining in recent years. Without detailed study, all of the reasons why this has occurred are unclear. Yet it is evident that EU trade barriers (both tariff and non-tariff) hinder a number of important Canadian exports, including aluminum, copper and non-ferrous

metals, chemicals, telecommunications equipment, fish and fish products, agricultural products, and wood products.

While some EU Member States supported Canada's idea for a transatlantic free trade area, the proposal was dismissed by others. The Committee suggests that this goal should not be forgotten even if the means of achieving it have changed. While we believe that the proposed Canada-EU Action Plan has a number of worthwhile goals in the areas of foreign affairs and security, and justice, we emphasize that it is imperative that meaningful progress be made on the Action Plan's trade and economic issues.

Right now both Canada and the EU are occupied with their own agendas. The EU is engaged in an Intergovernmental Conference on the issues arising from deepening and widening the Union. For its part, Canada is working on new trade deals with Chile, Latin America and the Caribbean, and the Asia Pacific region. Notwithstanding our cultural and linguistic ties and our other mutual commitments, substantially stronger transatlantic commercial links need to be forged to the end that the Canada-Europe relationship will be preserved and strengthened.

Canadians cannot be indifferent. Europe means far too much to us -- whether we are talking in terms of the origins and cultures of many of our people, whether we are talking in terms of trade and investment, whether we are talking in terms of military security. We have a deep interest -- in every sense of the word -- in a prosperous, peaceful Europe.

APPENDIX A

Fact-finding Mission to Europe

LONDON - March 17 to March 19

From the Canadian High Commission:

Royce Frith, Canadian High Commissioner to the United Kingdom

James Wright, Counsellor, Political and Social Affairs

John Sloan, Counsellor, Economic and Financial Affairs

From the UK Government:

Stephen Wright, Assistant Under-Secretary of State (EU)

Mark Pellew, Head, North America Department and the Commonwealth

Roundtable Discussion on Europe and Relations with Canada:

Peter Lyon, Academic Secretary, Institute of Commonwealth Studies and Chairman of the Canada-UK Colloquia

Robert Boyce, Department of International History, London School of Economics and member of the Canada-UK Colloquia Council of Management

Mads Andenus, Centre for European Law, King's College

Lord Clinton-Davis, Chairman, Transport Committee, House of Lords

From the House of Commons Foreign Affairs Committee:

David Howell, Chairman

Dennis Andrew Canavan, Member

Michael John Gapes, Member

David Harris, Member

Michael Jopling, Member

Jim Lester, Member

Edwards Rowlands, Member

Peter David Shore, Member

John P. Stanley, Member

David Anthony Gerald Sumberg, Member

Robert Nelson Wareing, Member

Conference on the Future of Europe:

The Senators attended one session of the Conference on the Future of Europe held at Lancaster House, with Parliamentarians from all over the continent.

DUBLIN - March 20

From the Canadian Embassy:

Barry Mawhinney, Canadian Ambassador to Ireland

From the Oireachtas Joint Committee on European Affairs:

Alan Dukes, Chairman

and other members

From the Government of Ireland:

Gay Mitchell, Minister of State for European Affairs

Representatives of Canadian Business in Ireland:

Fergus O'Rafferty, President, Ireland-Canada Business Association

W. L. Acton, Executive Director, Canada-Life

Peter Kluge, Managing Director, Scotia Bank, Ireland

Alan Sommerville, Executive Vice-President, Saturn Fulfilment Service Ltd.

Derek Smith, Vice-President Investments, IG International Management Ltd.

BONN - March 21

From the Canadian Embassy:

Paul Heinbecker, Canadian Ambassador to Germany

Lorenz I. Friedlaender, Minister

Edwin Mallory, Minister Counsellor (Trade)

Michael Brock, Counsellor (Political)

Micheline Aucoin, Counsellor (Finance)

Ross Miller, Counsellor (Economic)

Marcus Pistor, Parliamentary Relations Assistant

From the North Atlantic Assembly:

Karsten D. Voigt, MP, President of the Northatlantic Assembly, Foreign Policy Spokesman for the SPD Parliamentary Party

From the Foreign Office:

Dr. von Ploetz, State Secretary (Europe, Foreign Economic, Legal and Cultural Branches)

From Bonn University:

Detlev Karsten, Professor

From the Ministry of Economics:

Lorenz Schomerus, State Secretary (DM), responsible for Foreign Economic Policy and Development Policy

From the Bundesrat Committee for Foreign Affairs:

Kurt Biedenkopf, Ministerpresident (Premier) of the Free State of Sachsen (Saxony), Chairman of the Bundesrat Committee for Foreign Affairs

Burkhard Dreher, Minister of Economy, Small Businesses and Technology, Brandenburg

Christine Lieberknecht, Minister for Federal Affairs in the State Chancellery and Representative to the Federation for the Free State of Thüringen

Karin Schubert, Minister for Justice, Sachsen-Anhalt

Gerd Walter, Minister for State and European Affairs, Schleswig-Holstein

Heide Dörrhöfer-Tucholski, State Secretary, Representative to the Federation for Nordrhein-Westfalen

Günter Ermisch, State Secretary, Representative on Federal and European Affairs for the Free State of Sachsen

Helmut Holl, State Secretary, Representative to the Federation for Niedersachsen

Alfred Sauter, State Secretary in the Ministry of the Interior of the Free State of Bavaria

Günter Jaspert, Director (Clerk), Secretariat of the Bundesrat Committees on Foreign Affairs, the European Union and Defence

Ute Müller, Deputy Secretary of the Bundesrat Committees on Foreign Affairs, the European Union and Defence

FRANKFURT - March 22

From the Bundesbank:

Johann Wilhelm Gaddum, Vice-President

Helmut Schieber, Board Member responsible for international affairs

Roundtable discussion with representatives of Canadian Business:

Bahman Anzalichi, Managing Director, Pit-Stop Autoservice

René Bertschi, Husky Spritzgiess System

Cecil Morkel, Royal Bank of Canada

Gerhard Pfeiffer, Geschäftsführer der Richardson Securities of Canada

Rainer Pütz, Managing Director, Manulife Reinsurance Europe

Eva E. Renken, Representative for Germany, Bank of Montreal

Wolfgang Schuck, Managing Director, First Marathon Bank

Michael Siebold, Chairman of the German-Canadian Business Club

Individuals:

Karl-Otto Pöhl, former President of the Bundesbank

PARIS - March 23 to March 26

From the Canadian Embassy:

Benoît Bouchard, Canadian Ambassador to France

John Noble, Plenipotentiary Minister

Serge Dupont, Counsellor

Sheila Coutts, First Secretary

Jean Bourassa, First Secretary

Roundtable discussion with representatives of Canadian Business:

Mathieu Debost, Bunting-Warburg

Jean-Guy Pepin, Vice-President, Cascades Forest Products

Klaus Berg, Director-General, Air Canada

Hugues De Guitaut, Director-General, Royal Bank

From the Canadian mission to the OECD:

Kimon Valaskakis, Canadian Ambassador to the OECD

Christopher Thomson, Deputy Permanent Representative

Peter McGovern, Counsellor

François Weldon, First Secretary

From the French Department of Foreign Affairs:

Mr. De Zorzi, Deputy Director of European Cooperation

From the Foreign Affairs Commission of the "Assemblée Nationale":

François Guillaume, Vice-President

From the Foreign Affairs Commission of the "Sénat":

Xavier de Villepin, Chairman

From the Bank of France:

Michel Albert, Member of the Monetary Policy Counsel

Individual:

Jacques Delors, former President of the European Commission

BRUSSELS - * March 27 to March 28

From the Mission of Canada to the European Union:

Jacques Roy, Head of Mission, Canadian Ambassador

From the Canadian Embassy:

Jean-Paul Hubert, Canadian Ambassador to Belgium

From the Canadian Joint Delegation to NATO:

John Anderson, Canadian Ambassador and Permanent Representative

Lt. General Paul Addy, Canadian Military Representative

Daniel Dhavernas, Minister-Counsellor and Deputy Permanent Representative

Karen McDonald, Deputy Political Advisor

Elizabeth Baldwin-Jones, Second Secretary

Lt. Colonel Pierre Labelle, Senior Staff Officer, Army

Commander George Godwin, Senior Staff Officer, Navy

Lt. Colonel Pat Dennis, Senior Staff Officer, Military Transition Issues

Naida Nelson, First Secretary, Finance

George Betts, Counsellor, Nuclear Affairs

From NATO International Staff:

Dr. John Barrett, Head Policy Planning and Speechwriting Section, Political Affairs Division

From the European Parliamentary Committee on External Economic Relations:

Willy de Clercq, Chairman

Boudewijn van der Gaag, Head of Division

From the European Parliament:

Ken Collins, Chairman, Environment Committee

Raymonde Dury (Be-PSE), Institutional Affairs Committee

Joe Wilson, Member of the European Parliament's Delegation for Relations with Canada

Other Members of the European Parliament

From the Council of the European Union:

Jürgen Trumpf, Secretary General of the Council of the European Union

From the Belgium-Canada Parliamentary Group:

Léo Delcroix, Senator, Chairman

From the Belgium Senate Foreign Relations Committee:

Valere Vautmans, Chairman

From the European Commission:

Leon Brittan, European Commissioner for Multilateral Trade, Relations with Developed Countries

WARSAW - * March 27 to March 28

From the Canadian Embassy:

Anne Leahy, Canadian Ambassador to Poland

Alexander Lukie, Head, Social Affairs Section (Immigration)

Otch von Finckenstein, Head, Technical Assistance Section

Linda McDonald, Head, Commercial Section

Angela Bogdan, Head, Political/Public Affairs Section (Culture)

Col. Hubert Leduc, Canadian Forces Attaché

James Visutskie, Head, Administration Section

From the Senate:

Adam Struzik, Marshall (Speaker) of the Senate

Wojciech Sawicki, Head of the Senate Chancellery

From the Senate Foreign Relations Committee:

Stanislaw Kucharski, Senator, Deputy Chairman

Longin Pastusiak, Deputy Chairman of the Sejm Foreign Relations Committee

August Chelkowski, Senator (former Marshall of the Senate)

Ryszard Czarny, Senator

Eugeniusz Patyk, Senator

Zofia Kuratowska, Senator

Ryszard Ochwat, Senator

Piotr Marciniak, MP

Zygmunt Cybulski, MP, Deputy Chairman of the Parliamentary European Agreement Committee

Bronislaw Geremek, Chairman of the Sejm Foreign Affairs Committee

From the Polish Foreign Affairs Department:

Andrzej Towpik, Deputy Minister

Mr. Kozowski, Director, American Department

Mr. Bahr, Director, Europe I

Mr. Ogrodziński, Director, Planning Department & Head of the Polish Institute of International Affairs

Mr. Ludwiczak, Deputy Director, American Department

Mr. Opalski, Deputy Director, European Institutions

Mr. Waszcykowski, Head, NATO Section

Ms. Kisielewska, Head, EU/Council of Europe

From the Polish Government:

Andrzej Wiczorkiewicz, Minister, Under Secretary of State and Government for Foreign Investment

Wojciech Lamentowicz, Foreign Affairs Adviser to the President of the Polish Republic

Dariusz Rosati, Foreign Minister

Jacek Saryusz-Wolski, Minister, Government Plenipotentiary for European Integration

From Polish and Canadian Business:

Jacek Buchacz, Minister of Foreign Economic Relations

Jacek Gadomski, President, TPSA, Telecommunications Poland, S.A.

Jan Litwinski, President, Polskie Linie Lotnicze LOT

Marek Rusin, Under-Secretary of State, Ministry of Telecommunications

Andrzej Urban, Under-Secretary of State, Ministry of Physical Planning and Construction

Aleksander Janiszewski, Vice-Chairman of the Supervisory Board, Polish State Railways (PKP)

Zygmunt Stepinski, Publisher/General Director, "Murator Edition"

Victor Boraks, Director, Bridgings Polska (Warszawa)

Zygmunt S. Lask, Manager, NORTEL (Warszawa)

Louise Campbell, Director, Polish Development Bank

- * **For the meetings scheduled in Brussels and Warsaw the 8-member delegation divided into two groups.**

APPENDIX B**List of witnesses**

NAME OF ORGANIZATION AND/OR WITNESS	ISSUE NUMBER	DATE OF APPEARANCE
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FIRST SESSION OF THE THIRTY-FIFTH PARLIAMENT**ALCAN ALUMINUM LIMITED**

Andrew de Schulthess, Director, Government Relations	30	1995/11/29
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Roger Scott-Taggart, Director, Business Analysis	30	1995/11/29
--	----	------------

BANK OF CANADA

John Murray, Chief, International Relations Department	31	1995/12/06
--	----	------------

**DEPARTMENT OF FOREIGN AFFAIRS AND
INTERNATIONAL TRADE**

Paul Dubois, Director General, Western Europe Bureau	27	1995/11/01
--	----	------------

NEWBRIDGE NETWORKS CORPORATION

Chris Albinson, Director, Government Relations	30	1995/11/29
--	----	------------

ROYAL BANK OF CANADA

John McCallum, Vice-President and Chief of Economics	30	1995/11/29
--	----	------------

INDIVIDUALS

Peter Leslie, Professor of Political Studies, Queen's University	31	1995/12/06
--	----	------------

David Long, Professor of Political Science, Carleton University	32	1995/12/13
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Gretchen MacMillan, Associate Professor of Political Science, University of Calgary	31	1995/12/06
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Charles Pentland, Professor of Political Studies, Queen's University	28	1995/11/08
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Steven Wolinetz, Professor of Political Science,
Memorial University

21

1995/12/13

SECOND SESSION OF THE THIRTY-FIFTH PARLIAMENT

DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE

The Honourable Lloyd Axworthy, Minister of Foreign Affairs	<i>in camera</i>	1996/05/15
The Honourable Art Eggleton, Minister of International Trade	3	1996/06/04
Jean-Pierre Juneau, Assistant Deputy Minister, Europe Branch	1 3	1996/03/06 1996/06/04
Gaétan Lavertu, Associate Deputy Minister of Foreign Affairs and International Trade	<i>in camera</i>	1996/05/15
Roxanne Dubé, Legislative Assistant, Office of the Minister of Foreign Affairs		
Albert-Jan Galpin, Policy Advisor, European Union Division	<i>in camera</i>	1996/05/15
Paul Haddow, Director, Tariffs and Market Access Division	3	1996/06/04
Michael T. Mace, Director General, Central and Eastern Europe Bureau	<i>in camera</i>	1996/05/15
Denis Stevens, Policy Advisor, Office of the Minister of Foreign Affairs	<i>in camera</i>	1996/05/15
Gordon Venner, Deputy Director, European Union Division, Western Europe Bureau	1 3	1996/03/06 1996/06/04

INDIVIDUAL

Panayotis Soldatos, Professor, Holder of the Jean Monnet Chair - European Studies, Montréal University	4	1996/06/05
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**LE SÉNAT
DU
CANADA**



**THE SENATE
OF
CANADA**

L'INTÉGRATION EUROPÉENNE : SON IMPORTANCE POUR LE CANADA

Rapport du Comité sénatorial permanent
des
affaires étrangères

Le président du Comité
L'honorable John B. Stewart

La vice-présidente
L'honorable Pat Carney, c.p.

Juillet 1996

MEMBRES DU COMITÉ

(5 juillet 1996)

Conformément à l'ordre de renvoi du Sénat du 25 mai 1995, le Comité a entrepris l'étude des implications pour le Canada des développements en Europe. La première session de la trente-cinquième Législature (1995-1996) a été prorogée le 28 février 1996. L'ordre de renvoi a été renouvelé le 28 février 1996, au début de la deuxième session de la trente-cinquième Législature amorcée le 27 février 1996.

Les membres du Comité :

L'honorable John B. Stewart
président

L'honorable James F. Kelleher, c.p.
vice-président (session 1995-96)

L'honorable Pat Carney, c.p.
vice-présidente (session 1996)

et les honorables sénateurs :

Andreychuk

Bacon

Bolduc

Corbin

*Fairbairn, c.p. (ou Graham)

Gauthier

Grafstein

*Lynch-Staunton (ou Berntson)

MacEachen, c.p.

Ottenheimer

Stollery

**Membres d'office*

(Quorum 4)

Les honorables sénateurs suivant ont également participé aux travaux du Comité : Balfour, Charbonneau et Gigantès.

ORDRE DE RENVOI

Extrait des *Procès-verbaux du Sénat* du jeudi 25 mai 1995 :

Avec la permission du Sénat,

L'honorable sénateur Stewart propose, appuyé par l'honorable sénateur Gigantès,

Que le Comité sénatorial permanent des affaires étrangères soit autorisé à examiner, pour en faire rapport, les répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe; et

Que le Comité présente son rapport final au plus tard le 31 mars 1996.

La motion, mise aux voix, est adoptée.

ORDRE DE RENVOI

Extrait des *Procès-verbaux du Sénat* du mercredi 28 février 1996 :

Avec la permission du Sénat, et nonobstant l'alinéa 58(1)f) du Règlement,

L'honorable sénateur Stewart propose, appuyé par l'honorable sénateur Andreychuk,

Que le Comité sénatorial permanent des affaires étrangères soit autorisé à examiner, pour en faire rapport, les répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe;

Que le Comité ait le pouvoir de recourir aux services de conseillers, de spécialistes, d'employés de bureau et de tout personnel qu'il jugera nécessaire pour effectuer les travaux définis dans l'ordre de renvoi;

Que les documents et témoignages recueillis à ce sujet au cours de la première session de la trente-cinquième législature soient renvoyés au Comité;

Que le Comité ait le pouvoir de se déplacer à l'extérieur du Canada;

Que le Comité présente son rapport final au plus tard le 30 juin 1996;

Que, sans égard aux pratiques habituelles, si le Sénat ne siège pas lorsque le rapport final du Comité sera terminé, le rapport puisse être déposé auprès du greffier du Sénat et qu'il soit considéré comme ayant été présenté à cette Chambre.

La motion, mise aux voix, est adoptée.

Le greffier du Sénat
Paul C. Bélisle

AVIS DE MOTION

Extrait des *Journaux du Sénat* du jeudi 20 juin 1996 :

Avec la permission du Sénat,

L'honorable sénateur Stewart propose, appuyé par l'honorable sénateur Lewis :

Que par dérogation à l'ordre de renvoi du 28 février 1996, le Comité sénatorial permanent des affaires étrangères autorisé à examiner, pour en faire rapport, au plus tard le 30 juin 1996, les répercussions de l'intégration économique de l'Union européenne sur la conduite des affaires publiques nationales des États membres et les répercussions de l'émergence de l'Union européenne sur les relations économiques, politiques et militaires entre le Canada et l'Europe, soit habilité à présenter son rapport au plus tard le 18 juillet 1996.

Que, sans égard aux pratiques habituelles, si le Sénat ne siège pas lorsque le rapport final du Comité sera terminé, le rapport puisse être déposé auprès du greffier du Sénat et qu'il soit considéré comme ayant été présenté à cette Chambre.

La motion, mise aux voix, est adoptée.

REMERCIEMENTS

Le Comité est reconnaissant envers tous ceux qui l'ont aidé durant les audiences publiques tenues à Ottawa et lors de la mission d'étude en Europe. Par leurs analyses, leurs opinions et leurs suggestions, ils et elles ont élargi nos horizons et renforcé notre conviction que les développements en cours en Europe sont d'une importance cruciale pour le Canada.

La mission menée en Europe par quelques membres du Comité en mars 1996 a fait progressé nos travaux de façon déterminante. Cette mission aurait été impossible sans l'étroite collaboration de l'ambassadeur canadien dans chaque capitale visitée et sans l'aide du personnel des ambassades. Nous leur sommes très reconnaissants. Nous tenons aussi à remercier les ministres des Affaires étrangères et du Commerce international, ainsi que leurs hauts fonctionnaires, pour les avis judicieux qu'ils nous ont prodigués. Le ministère a montré de façon concrète son intérêt pour nos travaux en offrant au Comité les services de Monsieur Albert Galpin, de la Direction des relations avec l'Union européenne. Monsieur Galpin nous a été fort utile pour la planification et le déroulement de la mission. Nous lui sommes reconnaissants de sa coopération tout au long de ce projet qui ne fut pas sans difficultés.

Un mot d'appréciation va également au professeur Charles Pentland, de l'Université Queen, pour son aide généreuse.

Le Comité s'en remet depuis un certain temps à la diligence et au professionnalisme de Monsieur Anthony Chapman, coordonnateur de la recherche, prêté par la Bibliothèque du Parlement; son travail sur ce sujet complexe a justifié pleinement la confiance que nous avons mise en lui. Monsieur Serge Pelletier, notre greffier et Madame Josée Thérien, son adjointe, méritent notre appréciation pour le déroulement sans heurts des opérations administratives, budgétaires et logistiques du Comité, tout particulièrement au moment de la mission en Europe.

John B. Stewart
Président

**L'INTÉGRATION EUROPÉENNE :
SON IMPORTANCE POUR LE CANADA**

**LE COMITÉ SÉNATORIAL PERMANENT
DES AFFAIRES ÉTRANGÈRES**

Juillet 1996

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Annexe A - Mission en Europe

Annexe B - Liste des témoins

Liste des sigles

ALENA	-	Accord de libre-échange nord-américain
APCE	-	Association parlementaire Canada-Europe
APEC	-	Coopération économique en Asie-Pacifique
APIC	-	aspects des droits de propriété intellectuelle qui touchent au commerce (GATT)
ATI	-	Accord sur les techniques d'information
BCE	-	Banque centrale européenne
BERD	-	Banque européenne pour la reconstruction et le développement
CCNA	-	Conseil de coopération nord-atlantique
CECA	-	Communauté européenne du charbon et de l'acier
CED	-	Communauté européenne de défense
CEE	-	Communauté économique européenne
CIG	-	conférence intergouvernementale
CMC	-	Comité mixte de coopération
Coreper	-	Comité des représentants permanents
CPE	-	Coopération politique européenne
ECU	-	monnaie de la Communauté européenne
EEE	-	Espace économique européen
EU	-	États-Unis
FMI	-	Fonds monétaire international
GATT	-	Accord général sur les tarifs douaniers et le commerce
GFIM	-	Groupe des forces interarmées internationales
G-7	-	Groupe des sept (pays industrialisés)
IFOR	-	Force de mise en oeuvre du plan de paix en Bosnie-Herzégovine (OTAN)
IME	-	Institut monétaire européen
MAECI	-	Ministère des Affaires étrangères et du Commerce international (Canada)
OCDE	-	Organisation de coopération et de développement économiques
OECE	-	Organisation européenne de coopération économique
OMC	-	Organisation mondiale du commerce
ONU	-	Organisation des Nations unies
OPANO	-	Organisation des pêcheries de l'Atlantique Nord-Ouest
OSCE	-	Organisation pour la sécurité et la coopération en Europe
OTAN	-	Organisation du traité de l'Atlantique Nord
OTB	-	Organisation du traité de Bruxelles
PAC	-	Politique agricole commune
PAIM	-	Programme d'aide à l'instruction militaire
PESC	-	politique étrangère et de sécurité commune
PIB	-	produit intérieur brut
PNB	-	produit national brut

PPP	-	Partenariat pour la paix
RU	-	Royaume-Uni
SEBC	-	Système européen de banques centrales
SME	-	Système monétaire européen
SPD	-	Parti social-démocrate (Allemagne)
TAFTA	-	Zone de libre-échange transatlantique
TAN	-	traité de l'atlantique Nord
TEC	-	tarif extérieur commun
TREVI	-	(groupe de ministres de la justice et de l'intérieur de l'UE chargé de combattre) terrorisme, radicalisme, extrémisme et violence politique
UE	-	Union européenne
UEM	-	Union économique et monétaire
UEO	-	Union de l'Europe occidentale
ZLEA	-	Zone de libre-échange des Amériques

RECOMMANDATIONS

LIENS CANADA-UE EN MATIÈRE DE COMMERCE ET D'INVESTISSEMENTS

1. Le Comité recommande que Statistique Canada entreprenne une étude sur la structure des échanges entre le Canada et l'Union européenne (UE), de manière à faire ressortir quels sont les secteurs du marché des importations de l'UE où le Canada perd des parts du marché et ceux où il en gagne. Cette étude indiquerait aussi comment les principaux concurrents du Canada se positionnent sur le marché des importations de l'UE. Elle servirait à produire des données sur les exportations canadiennes dans divers secteurs d'importation qui, combinées à des renseignements sur les barrières qui entravent le commerce avec l'UE par secteur, contribueraient peut-être à expliquer l'état des exportations du Canada à destination des marchés de l'UE. Cette étude permettrait également de raffiner la stratégie d'exportation du Canada vers le marché européen.
2. Nous recommandons que le ministère des Affaires étrangères et du Commerce international, en concertation avec la Banque du Canada et le ministère des Finances, effectue une étude sur les conséquences de l'Union économique et monétaire de l'UE pour le Canada. Le gouvernement du Canada devrait accorder une priorité élevée à cette étude.
3. Le Comité recommande en outre que le gouvernement du Canada convoque une conférence une fois cette étude réalisée. Cette conférence de gens d'affaires, d'économistes et de décideurs politiques canadiens aiderait le gouvernement à apprécier les répercussions possibles de l'Union économique et monétaire (UEM) sur le Canada et à élaborer les politiques appropriées pour y réagir.
4. Le Comité recommande que le gouvernement fédéral et les provinces continuent de s'employer à supprimer les barrières commerciales interprovinciales. Le Canada a déjà une union monétaire, mais il reste encore beaucoup à faire pour mettre en place un véritable marché unique pour les biens, les services, les capitaux et les personnes.

LA CONFÉRENCE INTERGOUVERNEMENTALE DE 1996

5. Le Comité recommande que le gouvernement du Canada suive de très près les discussions qui auront lieu lors de la conférence intergouvernementale (CIG) de 1996. Nous notons en effet que certaines politiques qui pourraient avoir des répercussions sur les intérêts du Canada, comme la politique étrangère et de sécurité commune de l'UE et la politique de défense européenne, seront établies lors de la conférence. En conséquence, le ministère des Affaires étrangères et du Commerce international devrait déterminer l'opportunité d'affecter du personnel supplémentaire aux missions étrangères concernées durant la CIG, de manière que le gouvernement du Canada soit tenu au courant des décisions qui pourraient influencer sur les intérêts du Canada et puisse y réagir rapidement.

ÉLARGISSEMENT DE L'UNION EUROPÉENNE

6. Le Comité recommande que le gouvernement du Canada suive de près les discussions entre l'Union européenne et les nouveaux membres potentiels afin de préparer une stratégie pour composer avec l'élargissement de l'UE. Nous recommandons que cette stratégie comporte les éléments suivants :
7. Premièrement, le gouvernement du Canada devrait immédiatement faire faire une analyse des répercussions potentielles sur le Canada de l'élargissement futur de l'UE. Cette analyse devrait porter sur trois aspects :
 - 1) le détournement potentiel des échanges;
 - 2) le détournement potentiel des investissements;
 - 3) les conséquences sur la prise des décisions dans les institutions dont le Canada est membre.
8. Deuxièmement, le Comité estime que le Canada doit impérativement chercher à relever le niveau des ententes internationales, autrement dit faire adopter des règles contraignantes pour l'UE sur le plan de l'imposition de nouvelles restrictions des échanges. Plus important encore, le

gouvernement du Canada doit exercer des pressions en vue de la négociation d'une nouvelle série de réductions multilatérales des droits de douane. La priorité doit être donnée à la conclusion d'une entente qui supprimerait ou réduirait les droits sur les exportations canadiennes qui, selon l'analyse mentionnée ci-haut, seraient vraisemblablement les plus touchées par l'élargissement de l'UE. Dans la mesure où l'UE acceptera de fixer ses droits à un niveau nul (ou très faible), les nouveaux membres de l'UE ne seront pas forcés de relever leurs propres droits de douane pour les harmoniser avec ceux de l'UE.

9. Le Comité a recommandé au chapitre III que Statistique Canada effectue une analyse en vue de déterminer dans quels secteurs le Canada perd du terrain au profit de ses concurrents sur le marché des importations de l'UE. Dans certains cas, ces concurrents ont accès au marché de l'UE à des conditions plus favorables que celles dont bénéficie le Canada. Le ministre du Commerce international a dit au Comité que le Canada était l'un des rares pays qui n'ont pas un accès préférentiel au marché de l'UE. Par conséquent, le Comité recommande que le gouvernement du Canada cherche à obtenir des réductions des droits de douane dans les secteurs où le Canada a perdu des parts de marché au profit de ceux de ses concurrents qui bénéficient de meilleures conditions d'accès au marché de l'UE.
10. Troisièmement, le Comité recommande que le gouvernement canadien entreprenne, dès que possible, des discussions avec l'Union européenne sur les élargissements proposés. Il est important d'entreprendre ces discussions sans tarder afin qu'une bonne formule de compensation pour le Canada soit déjà au point au moment où les nouveaux membres seront admis dans l'UE.
11. Quatrièmement, il faudrait conclure le plus tôt possible les négociations en cours avec l'UE, comme celles qui ont trait à la reconnaissance mutuelle, à l'Accord sur les télécommunications, à l'Accord sur la technologie de l'information et à l'Accord multilatéral sur les investissements. Le domaine le plus difficile, la libéralisation du commerce des produits

agricoles, devra peut-être attendre jusqu'en 1999, date à laquelle l'Accord sur l'agriculture de l'Organisation mondiale du commerce (OMC) prévoit le lancement d'une nouvelle série de négociations sur les produits agricoles.

12. Cinquièmement, la position de l'Allemagne, pour qui l'expansion de l'UE ne devrait pas donner lieu à un relèvement des barrières commerciales envers les autres pays, a impressionné les membres du Comité. Nous recommandons que le gouvernement du Canada tienne des consultations régulières avec le gouvernement allemand et, lorsqu'il y a lieu, avec les gouvernements d'autres pays membres de l'UE pour s'assurer que l'intégration régionale n'aille pas à l'encontre de la libéralisation multilatérale des échanges. À cet égard, le Comité recommande que le gouvernement veille à ce que ses relations bilatérales avec les divers États membres de l'UE ne s'affaiblissent pas. En outre, nous recommandons que le gouvernement réexamine la répartition de son personnel et de ses ressources par rapport à certains pays européens. Par exemple, les ressources consacrées à l'Allemagne sont-elles proportionnées au rôle que ce pays joue maintenant au sein de l'UE?
13. Sixièmement, le Comité recommande que des représentants du ministère des Affaires étrangères et du Commerce international soient invités à comparaître deux fois par an devant le Comité sénatorial permanent des affaires étrangères pour faire rapport sur :
 - 1) les derniers développements relativement aux plans de l'UE concernant l'adhésion de nouveaux membres;
 - 2) la façon dont le gouvernement du Canada compose avec l'élargissement de l'UE.

LA POLITIQUE ÉTRANGÈRE ET DE SÉCURITÉ COMMUNE

14. Le Comité recommande que le Canada continue d'appuyer l'Organisation du traité de l'Atlantique Nord (OTAN). Le Canada dispose de ressources limitées en matière de défense et sa qualité de membre de l'OTAN agit comme un «multiplicateur de ressources» et contribue à garantir la

sécurité nationale du Canada. L'appartenance à l'Alliance permet aussi au Canada de contribuer d'une façon non négligeable à la sécurité de l'Europe et à celle du monde par la voie de sa participation aux activités de rétablissement de la paix de l'OTAN, comme la Force de mise en oeuvre du plan de paix (IFOR) en Bosnie. En participant aux programmes externes de l'OTAN comme le Conseil de coopération nord-atlantique (CCNA) et le programme Partenariat pour la paix (PPP), qui préservent les liens de la Russie et des pays d'Europe centrale et de l'Est avec l'OTAN, le Canada contribue à la paix et à la sécurité mondiales.

15. Le Comité recommande que le gouvernement canadien examine la valeur intrinsèque de chaque demande d'adhésion à l'OTAN pour s'assurer que l'agrément de chacune sert les intérêts du Canada. Les pays non membres ne doivent pas avoir leur mot à dire en ce qui concerne qui peut ou ne peut pas devenir membre de l'Alliance. Il faut cependant que les membres de l'OTAN soient au courant des réactions des pays de l'extérieur.

16. Par conséquent, le Comité recommande que le gouvernement canadien encourage l'OTAN à continuer d'appliquer des politiques propres à garantir que le processus d'élargissement contribue effectivement à améliorer la stabilité et la sécurité de l'Europe. Il est donc impératif que l'OTAN poursuive son rapprochement avec la Russie. Le Comité estime en particulier que les programmes externes de l'OTAN comme le PPP et le CCNA sont importants pour faciliter la consultation et la coopération entre l'Alliance et les pays non membres, spécialement la Russie. L'Organisation pour la sécurité et la coopération en Europe (OSCE) - l'organisation européenne qui compte le plus grand nombre de membres - a aussi un rôle de premier plan à jouer dans la sécurité et la stabilité de l'Europe en contribuant à rapprocher les vues des membres de l'OTAN et des pays non membres.

17. Le Comité recommande en outre que l'OTAN veille à ne pas laisser l'élargissement de l'organisation compromettre sa capacité de décision. L'efficacité de l'OTAN dépend de sa capacité de prendre des décisions rapidement, par consensus. Si l'OTAN accueille de nombreux nouveaux membres et devient plus hétérogène, il y a un plus grand risque que le processus de prise de décision s'enlise en raison des conflits entre les intérêts des pays membres
18. Enfin, le Comité recommande que le gouvernement canadien effectue une étude des répercussions, sur les intérêts nationaux du Canada, de l'élaboration par l'UE d'une politique étrangère et de sécurité commune. Il importerait notamment de se pencher sur les liens entre l'OTAN et l'Union de l'Europe occidentale (UEO). À mesure que l'UE s'élargira, les effectifs de l'UEO, qui est à la fois l'élément de défense de l'UE et le pilier européen de l'Alliance atlantique, croîtront. Devrait-on accorder aux pays qui deviendront vraisemblablement membres de l'UE un privilège spécial lorsqu'ils demanderont d'adhérer à l'OTAN? L'élargissement de l'UE ne risque-t-il pas ainsi de permettre à certains pays d'entrer à l'OTAN par la «petite porte»? Quelles sont les conséquences éventuelles, sur la nature même de l'Alliance, de l'émergence d'un pilier européen au sein de l'OTAN?

JUSTICE ET AFFAIRES INTÉRIEURES

19. Le Comité recommande que le gouvernement du Canada continue de chercher à collaborer avec l'UE sur les questions qui relèvent du troisième pilier, notamment l'immigration et le droit d'asile, la lutte contre le crime organisé, le terrorisme, le blanchiment de l'argent, le commerce illégal des armes et le trafic de la drogue.
20. L'achoppement sur une seule question des négociations sur le Plan d'action indique l'avantage qu'il y aurait à s'assurer l'appui d'autres pays lors de futures négociations de manière à contrebalancer la puissance de l'UE et les intérêts des divers États membres. Mener des négociations au sein de

tribunes multilatérales comme l'Organisation de coopération et de développement économiques (OCDE) et l'OMC serait une façon de contrebalancer la puissance de l'UE. Les négociations sur le Plan d'action sont toutefois une tentative de réaliser un accord bilatéral en vue de combler les lacunes dans le cadre multilatéral. Le Comité recommande que lors des futures négociations entre le Canada et l'UE, le gouvernement canadien tente d'y associer les États-Unis. Comme le Canada, les États-Unis ont tout intérêt à ce que s'ouvre le marché de l'UE. En outre, les États-Unis sont le seul pays dont le poids économique et politique pourrait contrebalancer celui de l'Union européenne.

21. Nous recommandons que le gouvernement canadien poursuive les négociations sur le plan d'action au cours de la présidence irlandaise. Mais il est clair que le succès des négociations dépend de la capacité du Canada et de l'UE de régler le différend bilatéral sur les pêches, et notamment de trouver un mécanisme approprié pour protéger les stocks de poissons au-delà de la zone de 200 milles.
22. Le Comité recommande que le gouvernement du Canada continue d'exercer des pressions pour que l'étude des barrières au commerce transatlantique devienne trilatérale. Rien ne garantit que cette étude aboutira à un projet de libéralisation des échanges bilatéraux, mais nous estimons que le Canada doit y participer dès le départ. Autrement, la réalisation de deux études bilatérales distinctes (Canada-UE et États-Unis-UE) risque d'aboutir à la conclusion de deux ententes commerciales bilatérales, avec les conséquences que l'on peut imaginer, car les États-Unis, un poids lourd par rapport au Canada sur les plans économique et politique, pourraient obtenir de meilleures conditions d'accès au marché européen que le Canada ou présenter plus d'intérêt pour les investisseurs. Mais un accord commercial trilatéral assurerait au Canada le même accès au marché de l'UE que les États-Unis.
23. Le Comité recommande que le Canada soit à l'avant-garde des pays qui réclament de nouvelles négociations sur les réductions tarifaires multilatérales. Aussi, le Plan d'action

Canada-UE devrait renfermer un engagement à amorcer des négociations sur un nouvel ensemble de réductions tarifaires multilatérales.

- 24. Le Comité recommande que le Plan d'action Canada-UE affirme l'intention du Canada de faire aboutir les négociations relatives à l'accord sur les techniques d'information (ATI).**

- 25. Le Comité recommande qu'en sa qualité de membre du Conseil de l'Arctique le Canada devrait collaborer pleinement et activement avec les pays de l'UE qui bordent l'Arctique, soit la Finlande et la Suède, dans le contexte du Plan d'action en vue de résoudre les problèmes causés par la contamination de l'Arctique. À cette fin, le gouvernement devrait aussi travailler de concert avec les autres pays de l'Arctique qui ne font pas partie de l'UE, comme la Norvège, les États-Unis et la Russie.**

L'INTÉGRATION EUROPÉENNE : SON IMPORTANCE POUR LE CANADA

I. INTRODUCTION : CHANGEMENTS EN EUROPE ET EN AMÉRIQUE DU NORD

Si le Comité a décidé au début de 1995 d'examiner les incidences des événements d'Europe, c'est qu'il craignait que, faute d'y porter l'attention voulue, les relations canado-européennes ne se détériorent. Il s'est écoulé 23 ans depuis son dernier rapport sur les relations entre le Canada et la Communauté européenne¹. Depuis, de grands changements ont refait la carte politique et économique de l'Europe. La guerre froide ayant pris fin, la démocratie et l'économie de marché ont balayé l'Europe. Le mur de Berlin s'est écroulé, et l'Allemagne s'est réunifiée. La deuxième superpuissance du monde, l'Union soviétique, a éclaté en plusieurs républiques. Plus que tout autre événement, la fin de la guerre froide a rendu nécessaire une réévaluation des relations entre l'Amérique du Nord et l'Europe, relations dont la cohésion reposait largement sur l'alliance de défense.

Les changements politiques et économiques au sein de l'Union européenne influent également sur les relations transatlantiques. Le marché unique, qui s'est traduit par la suppression de toutes les barrières commerciales internes, a revivifié l'économie européenne et engendré ainsi un nouvel optimisme. Il a également fait avancer un plan tripartite visant à mettre en place une monnaie unique et une politique monétaire commune d'ici à 1999. Cependant, la réalisation de cet objectif sera difficile, car les critères fiscaux et financiers auxquels doivent satisfaire les États membres sont sévères. En outre, deux États membres, la Grande-Bretagne et le Danemark, pourraient décider de ne pas se joindre à l'Union économique et monétaire (UEM). Quelles sont les chances de réalisation de l'UEM? Quelles

sont les incidences de l'UEM sur la valeur du dollar canadien et sur les flux des échanges et des investissements entre le Canada et l'Europe? La création d'un troisième bloc monétaire important va-t-elle amoindrir le rôle du Canada au sein des tribunes internationales de discussion des politiques économiques comme le G-7?

De surcroît, l'Union européenne est en train de remodeler sa structure politique. L'UE ne se satisfaisant plus d'être «un géant économique, mais un nain politique», la Conférence intergouvernementale de l'Union européenne, qui s'est amorcée à la fin de mars 1996, examinera notamment a) des propositions visant à améliorer la politique étrangère et militaire commune et b) des idées sur la façon d'accroître la collaboration dans des domaines comme la justice, la police et l'immigration.

Dans quelle mesure l'adoption par l'UE de politiques communes sur le trafic des stupéfiants, l'immigration illégale et le crime organisé aura-t-elle des répercussions sur la lutte menée par le Canada contre ces problèmes? L'UE arrivera-t-elle à présenter au Canada et au reste du monde une politique étrangère unique nette et un mécanisme de défense correspondant? Dans l'affirmative, pourquoi les pays d'Europe centrale et d'Europe de l'Est sont-ils si soucieux de se joindre à l'OTAN? Le Canada doit-il reconsidérer sa contribution à l'OTAN à la lumière du projet de l'UE de constituer une identité de défense européenne?

Au moment de la publication, en 1973, du rapport du Comité sur les relations entre le Canada et la Communauté européenne, celle-ci venait de passer de six à neuf membres avec l'adhésion du Royaume-Uni, du Danemark et de l'Irlande. Cet élargissement, notamment l'adhésion de la Grande-Bretagne, a obligé le Canada à des rajustements. Depuis lors, six autres pays se sont joints à l'Union qui est donc composée aujourd'hui de 15 membres. Dans les années qui viennent, elle pourrait passer à 18 ou 20 membres. En s'étendant vers le sud et l'est, elle pourrait même atteindre 28 membres. Quelles pourraient être les incidences d'un élargissement aussi ambitieux sur les intérêts commerciaux et de politique étrangère du Canada en Europe?

L'élargissement de l'UE va probablement faire baisser certaines exportations du Canada en Europe, notamment les exportations de produits agricoles et de poisson. À quelles stratégies le gouvernement du Canada devrait-il recourir pour pallier cette perte de marché éventuelle? L'élargissement de l'Union européenne va aussi accroître son influence dans les organisations internationales dont le Canada est membre comme l'OCDE et l'OMC.

Depuis le rapport de 1973 du Comité, l'importance relative du commerce de marchandises entre le Canada et la CE a diminué. En 1973, nos exportations de marchandises vers une Communauté européenne alors composée de neuf membres comptaient pour 12,4 p. 100 de nos exportations totales, tandis que nos importations en provenance de la Communauté européenne comptaient pour 13,3 p. 100 de nos importations totales. En 1995, nos exportations de marchandises vers l'Union européenne étaient tombées à 6,4 p. 100 et nos importations à 10 p. 100, en dépit de l'élargissement de l'Union européenne à 15 membres. Pourquoi l'importance relative du commerce entre le Canada et la Communauté européenne continue-t-elle de diminuer? Qu'est-ce que le Canada peut faire pour remédier à cette baisse?

Bien entendu, les arrangements commerciaux du Canada ont eux aussi changé grandement depuis 1973 et continuent d'évoluer. En 1989, le libre-échange canado-américain est entré en vigueur, puis, en 1994, l'Accord de libre-échange nord-américain a ajouté le Mexique au bloc commercial. Les négociations sur le libre-échange entre le Canada et le Chili sont en marche, et il est envisagé de négocier d'ici à 2005 une zone de libre-échange des Amériques (ZLEA) qui engloberait tout le monde occidental. En outre, en tant que membre du Forum de coopération économique Asie-Pacifique (APEC), le Canada s'est engagé à réaliser d'ici à 2020 le libre-échange avec d'autres pays riverains du Pacifique.

Aussi, le Comité croyait-il que les changements survenus en Amérique du Nord comme en Europe avaient augmenté le danger de dérive de la relation transatlantique, à mesure que les deux grands blocs commerciaux s'absorberaient dans leurs projets respectifs. Le danger n'a pas non plus échappé à l'attention du gouvernement canadien. Après le discours qu'il a prononcé au Royaume-Uni en septembre 1994, le ministre du Commerce

international, Roy MacLaren, a commencé à évoquer la possibilité de négocier un accord de libre-échange entre l'Amérique du Nord et l'Europe. Le premier ministre Jean Chrétien a repris ce thème dans son discours prononcé au Sénat français en décembre 1994.

La proposition du gouvernement canadien de jeter des ponts entre l'Union européenne et l'ALÉNA en négociant une zone de libre-échange transatlantique (ZLET) était peut-être trop audacieuse pour être acceptée alors par les États-Unis ou l'Union européenne. Néanmoins, l'insistance du Canada sur la nécessité de renforcer les relations transatlantiques a donné un élan à un nouveau dialogue entre l'Europe et l'Amérique du Nord. Ce dialogue a eu pour premier fruit le «plan d'action conjoint», que les États-Unis et l'Union européenne ont signé à Madrid en décembre 1995. Ce plan d'action établit un programme d'amélioration des relations économiques et militaires entre l'Union européenne et les États-Unis.

Les efforts du Canada pour trilateraliser les négociations entre les États-Unis et l'Union européenne ont échoué, en partie à cause de la résistance des Espagnols, qui occupaient la présidence du Conseil durant la seconde moitié de 1995. Cependant, travaillant en parallèle, un groupe de travail Canada-Allemagne a proposé en novembre 1995 un programme de négociations visant à améliorer les liens entre le Canada et l'Union européenne en matière de commerce et d'investissement. Le 28 février 1996, la Commission européenne a publié un projet de plan d'action en vue de resserrer les relations avec le Canada. Ce plan portait, entre autres, sur un système de détection rapide des différends commerciaux, une étude conjointe des barrières commerciales, la promotion des contacts entre les entreprises et l'appui conjoint aux arrangements de sécurité. Ce plan d'action a reçu l'approbation du Conseil de l'Union européenne le 25 mars 1996. Toutefois, les négociations avec l'UE ont achoppé sur la portée extraterritoriale de la politique canadienne en matière de pêches. C'est ainsi que l'accord n'a pu être approuvé comme prévu au sommet tenu à Rome le 26 juin 1996 entre le premier ministre du Canada, Jean Chrétien, le président de la Commission européenne Jacques Santer, et le premier ministre de l'Italie, Romano Prodi.

Le fait qu'un accord international important, comme le Plan d'action, ait pu être torpillé à cause d'un seul différend concernant surtout les intérêts d'un État membre, illustre éloquemment les difficultés que présentent, pour les pays de l'extérieur comme le Canada, les négociations avec l'UE et ses quinze membres. L'élargissement éventuel de l'Union à 28 membres va forcément multiplier les sources potentielles de différends entre l'UE et le Canada. Quelles mesures le gouvernement du Canada peut-il prendre pour composer avec une UE dont la puissance économique et politique ne cesse de croître et où la diversité des intérêts nationaux représentés augmente sans cesse?

Le Comité s'est lancé dans cette étude convaincu que le moment était venu d'examiner les relations entre le Canada et l'Union européenne. Cependant, nous n'avions pas prévu la rapidité avec laquelle les événements se dérouleraient. Il se trouve que notre étude a coïncidé avec une grande initiative lancée par le gouvernement canadien en vue de renforcer les relations entre le Canada et l'Union européenne. En mars 1996, des membres du Comité se sont rendus en Europe pour y rencontrer des parlementaires, des hauts fonctionnaires, et des gens d'affaires². Cette mission nous a fourni des aperçus et des renseignements qui nous ont été très utiles dans la rédaction de ce rapport. Elle a peut-être aussi servi à faire mieux comprendre à certains décideurs européens l'importance que le gouvernement et les parlementaires canadiens attachent au renforcement des relations entre l'Europe et le Canada.

II. L'UNION EUROPÉENNE : SES ORIGINES ET SON AVENIR³

A. Les origines

Pour comprendre l'orientation que prend l'Union européenne, il importe de connaître ses origines. L'Union européenne a été fondée sur des ententes qui semblaient, de prime abord, viser des objectifs purement commerciaux, mais l'idée de l'unification européenne repose depuis toujours, dans une large mesure, sur des motifs politiques⁴. L'histoire montre également que l'intégration européenne ne suit pas un parcours rectiligne. Elle avance à la manière d'un crabe, comme l'a dit un des témoins : chaque série de pas en avant est suivie de quelques pas en arrière ou de côté. En effet, comme le montre le court historique qui suit, chaque période d'optimisme semble avoir cédé la place à une période de pessimisme et, inversement, chaque recul semble avoir donné naissance à un nouvel élan d'intégration.

Selon M. Charles Pentland (professeur de sciences politiques à l'Université Queen's), le débat d'après-guerre sur l'unification européenne se déroulait autour de deux pôles distincts : le fédéralisme et le fonctionnalisme (28:6)⁵. Selon le point de vue fédéraliste, l'Europe devait se presser de créer les «États-Unis d'Europe» où les nations renonceraient à leur souveraineté au profit d'institutions supranationales. En revanche, selon les fonctionnalistes, l'Europe avait plutôt besoin «d'une bonne dose de coopération à l'ancienne de la part de ses États membres, particulièrement dans les domaines économique et technologique, et il était imprudent, ou tout au moins prématuré, d'envisager de compromettre la souveraineté nationale» (28:6).

3 Les lecteurs qui connaissent bien l'histoire de l'Union européenne voudront peut-être passer directement au chapitre III.

4 M. Jacques Delors, ancien président de la Commission, a expliqué au Comité à Paris que l'intégration économique a toujours été en fait une façon détournée de réaliser l'objectif politique. La méthode a connu beaucoup de succès jusqu'en 1988 environ, mais après il fut nécessaire, selon M. Delors, de s'occuper directement des besoins politiques de la population.

5 Nota : Les chiffres entre parenthèses renvoient aux numéros de fascicule et de page dans les délibérations du Comité sénatorial permanent des affaires étrangères.

D'après M. Pentland, l'unification européenne durant l'après-guerre peut se diviser en quatre grandes périodes, chacune ayant ses caractéristiques propres. La première, entre 1945 et 1955, a préparé le terrain, dans le domaine économique et de la sécurité, pour les institutions de la Communauté européenne. Ses assises économiques ont été établies par le biais du plan Marshall et de l'Organisation européenne de coopération économique (OECE), qui a favorisé la coopération entre les États européens, réparti entre eux le soutien prévu par le plan Marshall et encouragé la libéralisation du commerce. La création de l'OTAN en 1949 a fourni le cadre politique et de sécurité nécessaire à la poursuite de l'intégration économique. Cette alliance offrait une certaine assurance que la France et l'Allemagne ne reprendraient pas les armes et formait un rempart contre une éventuelle agression soviétique.

Le Conseil de l'Union européenne

Le Conseil de l'Union européenne est l'instance décisionnelle principale de l'Union européenne. Il réunit les ministres des quinze pays selon la matière inscrite à l'ordre du jour : affaires étrangères, agriculture, industrie, transports, environnement, etc.

Chaque pays de l'Union exerce la présidence, par rotation, pour une durée de six mois. Les décisions du Conseil sont préparées par le comité des représentants permanents des États membres (Coreper), assisté par des comités composés de fonctionnaires des ministères nationaux. Le Conseil dispose également d'un secrétariat général, établi à Bruxelles, qui prépare et exécute les décisions.

Conformément à l'article 145 du traité sur la CE, le Conseil assure la coordination des politiques économiques générales des États membres. Mais le champ d'action de ses activités s'est étendu au fur et à mesure que la Communauté a élargi ses attributions. Le Conseil, représentant principalement les États membres, arrête les actes juridiques : règlements, directives, décisions. Il dispose d'un pouvoir quasi législatif, qu'il partage, dans certains domaines précisés dans l'Acte unique et le traité sur l'Union politique, avec le Parlement européen. Il exerce également, avec le Parlement, le pouvoir budgétaire. Le Conseil arrête les accords internationaux négociés au préalable par la Commission.

L'article 148 du traité sur la CE introduit une distinction entre les décisions prises à la majorité simple, à la majorité qualifiée (au moins 62 voix sur 87) ou à l'unanimité. Pour les décisions à la majorité qualifiée (au moins 62 voix), les voix sont affectées de la pondération suivante : Allemagne, France, Italie et Royaume-Uni, 10 voix; Espagne, 8 voix; Belgique, Grèce, Pays-Bas et Portugal, 5 voix; Autriche et Suède, 4 voix; Danemark, Finlande et Irlande et, 3 voix; Luxembourg, 2 voix. La plupart des décisions doivent être prises à la majorité qualifiée, l'unanimité étant réservée aux domaines essentiels comme l'adhésion d'un nouvel État, la modification des traités ou la mise en route d'une nouvelle politique commune⁶.

À la fin des années 40, après que deux guerres mondiales eurent réduit l'Europe en cendres, certains se sont mis à penser qu'une fédération des principaux pays européens

6 Pascal Fontaine, *Dix leçons sur l'Europe*, Office des publications officielles des Communautés européennes, décembre 1994, p. 9.

serait un moyen de prévenir l'éclatement d'autres grands conflits sur le continent. C'est pendant cette période que Robert Schuman, ministre français des Affaires étrangères, a présenté une proposition de Jean Monnet, commissaire français au Plan à l'époque, visant à intégrer les industries françaises et allemandes du charbon et de l'acier. En effet, l'Allemagne semblait encore menacer sérieusement la paix, et la proposition Schuman-Monnet permettrait de la lier économiquement et politiquement à une communauté d'États européens⁷.

Le 18 avril 1951, le traité de Paris, signé par la France, l'Allemagne de l'Ouest, l'Italie et les pays membres du Benelux (Belgique, Pays-Bas et Luxembourg), instituait la Communauté européenne du charbon et de l'acier (CECA). Les fondateurs de la CECA y voyaient le premier pas vers l'intégration politique de l'Europe. Les institutions de la CECA servirent de modèle pour deux autres communautés, soit la communauté économique et la communauté de l'énergie atomique. Suite à ces premiers succès, la France a proposé l'idée d'une Communauté européenne de défense (CED); ainsi, l'Allemagne réarmée serait liée militairement à une communauté supranationale. Toutefois, en 1954, l'Assemblée nationale française, ne pouvant accepter la perte de souveraineté qu'entraînerait la renonciation à l'armée nationale, a rejeté l'idée de la CED. Cet échec a représenté un net recul pour les fédéralistes européens qui avaient vu dans la CED le début d'une communauté politique européenne.

7 «Le Plan du charbon et de l'acier a été la réaction de Monnet à une idée assez grandiose avancée par le premier ministre Georges Bidault lors d'un discours prononcé à Lyon le 16 avril dans lequel il réclamait la création d'un «haut conseil de l'Atlantique pour la paix». On semblait combiner de la propagande, dans l'utilisation du mot «paix» et le désir irrépressible d'accumuler les mécanismes en vue de constituer une société de portefeuille qui «coordonnerait» le Traité de l'Atlantique Nord, l'Union de l'Europe occidentale, l'Organisation européenne de coopération économique et le Conseil de l'Europe. Quels qu'aient été les projets qui se cachaient derrière cette proposition, ils sont morts nés. Le plan de Monnet, à première vue plus limité et plus modeste, était en fait plus imaginatif et lourd de conséquences parce qu'il plaçait les ressources de base de l'économie industrielle de l'Europe, le charbon et l'acier, entre les mains d'un organe supranational des États européens participants doté de pouvoirs gouvernementaux et poursuivant des fins clairement définies. Les pouvoirs et effets immédiats de l'autorité suprême seraient considérables, mais ses pouvoirs et effets potentiels le seraient encore davantage.» (Dean Acheson, *Present at the Creation: My Years in the State Department*, W.W. Norton and Company, New York, 1969, p. 383.)

B. L'«âge d'or»

La deuxième période de l'unification européenne, «l'âge d'or» de la Communauté économique européenne, a duré de 1956 à 1968. En mars 1957, les six États membres de la CECA ont signé deux traités de Rome, l'un créant la Communauté économique européenne (CEE) et l'autre, la Communauté européenne de l'énergie atomique (Euratom). Le traité instituant la CEE prévoyait l'élimination en 12 ans des droits de douane internes, des contingents, des primes, des frais de transport différentiels, des taxes discriminatoires et des restrictions de taux de change.

En juillet 1968, soit un an et demi avant l'expiration du délai, les droits de douane internes et la plupart des contingents étaient éliminés, les États membres avaient harmonisé leurs tarifs extérieurs dans le cadre du tarif extérieur commun (TEC) et la Politique agricole commune (PAC) était en place. Les règles régissant la libre circulation des travailleurs entre les pays sont entrées en vigueur dès l'application du traité. Il subsistait toutefois dans la pratique un certain nombre d'obstacles à la libre circulation totale des travailleurs, des capitaux, des biens et des services.

L'«âge d'or» a coïncidé avec une période de croissance économique, de faibles taux d'inflation et de chômage, de recul des obstacles commerciaux et de stabilité monétaire à l'échelle mondiale. Pendant cette période, les échanges commerciaux intracommunautaires ont quadruplé et les échanges avec le reste du monde ont augmenté rapidement, mais pas aussi vite qu'au sein de la CEE. Comme le dit M. Pentland : «la communauté nous apparaît comme une force dynamique, une sorte de vortex commercial vers lequel sont attirés de nombreux pays dont le Royaume-Uni qui se décide finalement à prendre le train presque en marche» (28:8).

Le Parlement européen

Le Parlement européen est l'organe d'expression démocratique et de contrôle politique des Communautés européennes, qui participe également au processus législatif. Élu au suffrage universel depuis juin 1979, il compte aujourd'hui 626 députés, élus tous les cinq ans : 99 députés provenant d'Allemagne, 87 de France, d'Italie et du Royaume-Uni, 64 d'Espagne, 31 des Pays-Bas, 25 de Belgique, de Grèce et du Portugal, 22 de Suède, 21 d'Autriche, 16 du Danemark et de Finlande, 15 d'Irlande et six du Luxembourg.

Le Parlement tient ses sessions plénières à Strasbourg. Ses 20 commissions, qui préparent les travaux des séances plénières, ainsi que les groupes politiques se réunissent la plupart du temps à Bruxelles. Son secrétariat général est installé à Luxembourg.

Le Parlement exerce conjointement avec le Conseil une fonction législative : il participe à l'élaboration des directives et des règlements communautaires en se prononçant sur les propositions de la Commission européenne, que celle-ci est invitée à modifier pour tenir compte de la position du Parlement. L'Acte unique, qui a révisé les traités européens, a prévu une procédure à deux lectures au Parlement et au Conseil des ministres. Cette procédure, dite «de coopération», renforce les pouvoirs législatifs du Parlement dans un grand nombre de matières telles que l'achèvement du marché intérieur européen.

Le traité de Maastricht a renforcé le rôle législatif du Parlement en lui conférant un pouvoir de codécision avec le Conseil dans des domaines précis : libre circulation des travailleurs, marché intérieur, éducation, recherche, environnement, réseaux transeuropéens, santé, culture, consommateurs. En application de ce pouvoir, le Parlement peut, à la majorité absolue de ses membres et en cas d'échec de la procédure de conciliation, rejeter la position commune arrêtée par le Conseil et mettre fin à la procédure.

Enfin, l'Acte unique soumet la conclusion d'accords internationaux d'association et de coopération ainsi que tout nouvel élargissement de la Communauté à la ratification («avis conforme») du Parlement. Cet avis conforme a été étendu à Maastricht à la loi électorale uniforme et à la citoyenneté européenne.

Le Parlement partage également avec le Conseil le pouvoir budgétaire : il adopte le budget de la Communauté. Il a aussi la possibilité de le rejeter, ce qui s'est déjà produit à deux reprises. Dans ce cas, toute la procédure budgétaire est à recommencer. Préparé par la Commission, le budget fait la navette entre le Conseil et le Parlement, les deux institutions qui constituent l'autorité budgétaire. Pour les dépenses dites «obligatoires» en majorité des dépenses agricoles, le dernier mot appartient au Conseil. Pour les autres - les dépenses «non obligatoires» -, il revient au Parlement, qui peut les modifier dans les conditions fixées par le traité. Le Parlement a pleinement utilisé ses pouvoirs budgétaires pour influencer sur les politiques communautaires.

La fonction d'impulsion politique du Parlement est essentielle. [Celui-ci] demande régulièrement de développer ou d'infléchir des politiques existantes ou d'en lancer de nouvelles. Aussi, le projet de traité sur l'Union européenne, qu'il a adopté en 1984, a été le catalyseur décisif qui a conduit les gouvernements à conclure l'Acte unique. De même, c'est le Parlement qui a demandé et obtenu la convocation des deux conférences intergouvernementales sur l'Union économique et monétaire et sur l'Union politique.

Enfin, le Parlement est l'organe de contrôle démocratique de la Communauté : il dispose du pouvoir de renverser la Commission en adoptant une motion de censure à la majorité des deux tiers. Il se prononce sur son programme et lui adresse ses observations. Il contrôle la bonne marche des politiques communautaires en se fondant notamment sur les rapports de la Cour des comptes. Il contrôle également la gestion quotidienne des politiques, notamment en posant des questions orales et écrites à la Commission et au Conseil.

Les ministres des Affaires étrangères, responsables de la coopération politique des Quinze, répondent également aux questions des députés. Ils leur rendent compte de leur action et des suites données aux résolutions adoptées par le Parlement dans les domaines des relations internationales et de droits de l'homme. Enfin, le président en exercice du Conseil européen informe le Parlement des résultats obtenus par cette instance.

Klaus Hänsch est président du Parlement européen depuis juillet 1994⁸.

Le Conseil européen

Le Conseil européen est né de la pratique, engagée en 1974, de réunir régulièrement les chefs d'État ou de gouvernement de la Communauté européenne. Cette pratique a été institutionnalisée par l'Acte unique européen en 1987. Désormais, le Conseil européen se réunit au moins deux fois par an et compte, comme membre de droit, le président de la Commission.

Il s'agissait à l'origine de donner une forme régulière au sommet qui avait été convoqué à partir de 1961, à l'initiative d'un État membre. L'importance croissante prise par les affaires communautaires dans la vie politique des États justifiait que l'occasion soit fournie aux chefs de l'exécutif de se rencontrer et d'examiner ensemble les plus importants dossiers traités au niveau de la CEE. Grâce à ses membres bien en vue et à ses débats spectaculaires, le Conseil européen a vite fait la manchette, à la fois comme base de lancement d'importantes initiatives politiques et comme tribune où étaient réglées les questions controversées bloquées au niveau ministériel.

Le Conseil européen aborde également les problèmes d'actualité internationale à travers la politique étrangère et de sécurité commune, la PESC, mécanisme de rapprochement et d'expression d'une diplomatie commune des Quinze⁹.

Le Royaume-Uni avait créé en 1959, avec la Norvège, la Suède, le Danemark, l'Autriche, le Portugal et l'Islande, une zone européenne de libre-échange, à laquelle s'est associée la Finlande. Très vite toutefois, il était apparu clair que le Royaume-Uni risquait de s'isoler du cœur économique et politique de l'Europe. En 1961, il a présenté une demande d'adhésion à la CEE, et l'Irlande, le Danemark et la Norvège ont décidé de l'imiter, principalement en raison des liens économiques qui les unissaient à la Grande-Bretagne. Cependant, le général de Gaulle, président de la France, a mis son veto à l'entrée du Royaume-Uni en 1963 et de nouveau en 1968.

Un autre événement clé de l'histoire de la CEE fut la période de la «politique de la chaise vide». La France a pratiqué cette politique quand, en 1965, elle a boycotté les institutions de la CEE parce que la Commission proposait de délaissier les votes à l'unanimité

9 *Ibid.*, p. 9.

au Conseil en faveur de la majorité qualifiée. Elle s'opposait aussi à la façon dont la proposition fut présentée; en effet, celle-ci fut déposée au Parlement européen avant d'être soumise au Conseil des ministres. La crise fut résolue lors d'une réunion extraordinaire du Conseil des ministres tenue à Luxembourg, plutôt qu'à Bruxelles. En vertu donc du compromis dit «de Luxembourg», le consentement unanime du Conseil des ministres est exigé pour les questions d'intérêt national très importantes. Ce fut un dur coup pour les fédéralistes qui voulaient confier davantage de pouvoirs à la Communauté au détriment des États membres.

C. L'ère de l'euroessimisme

Le traité qui a fusionné les trois communautés, soit la CEE, Euratom et la CECA, est entré en vigueur en 1967. Bien que les trois communautés continuèrent d'exister en tant qu'entités distinctes sur le plan juridique, elles eurent dès ce moment des institutions communes, notamment le Parlement, le Conseil des ministres, la Commission et la Cour de justice.

La troisième phase du développement de la CE a duré d'environ 1967 jusqu'en 1983. Cette période est caractérisée par un manque de direction et de dynamisme. Le protectionnisme national prend de l'ampleur, de telle sorte que, à la fin de la période, les gouvernements de la Communauté s'inquiètent des forts taux de chômage et de la faible croissance économique de la CE en comparaison avec ses deux principaux concurrents, le Japon et les États-Unis. Ils ont également l'impression que l'Europe est en retard en termes de recherche et de développement, d'innovation et de compétitivité. Sur le plan des institutions, cette période est marquée par une réaffirmation des intérêts nationaux par le biais du Conseil des ministres, tandis que la gardienne des intérêts de la Communauté —la Commission— subit une baisse relative de son pouvoir. Selon le professeur Pentland : «c'est la période de l'euroessimisme, de l'euroscélérose. En fait, à l'époque, on s'est mis à abhorrer tout ce qui était «euro», ou c'est du moins ce qu'il semblait» (28:8).

Lors du sommet de La Haye, en décembre 1969, les dirigeants de la CE ont demandé une union économique et politique et, aux sommets de Paris, en 1972 et en 1974, ils ont fixé comme délai pour la réalisation de cet objectif la fin de la décennie. Le rapport Tindemans, oeuvre du premier ministre belge Léo Tindemans, annonçait certains aspects du traité de Maastricht en proposant, entre autres, un plan d'union économique et monétaire et la mise en oeuvre d'une politique étrangère commune. Cependant, les fédéralistes furent déçus, le plan ayant échoué de nouveau parce que les États membres ne parvenaient pas à s'entendre sur une structure constitutionnelle et sur les réformes institutionnelles nécessaires.

Le départ du président de Gaulle en 1969 a ouvert la voie à l'adhésion du Royaume-Uni à la CE. Le 1^{er} janvier 1973, le Royaume-Uni, l'Irlande et le Danemark furent admis dans la Communauté; la Norvège se désista, la question ayant été défaite par une majorité de 53,49 p. 100 dans un référendum national. L'adhésion du Royaume-Uni a soulevé certaines difficultés au sein de la Communauté, car les Britanniques, mécontents de leur part du fardeau financier, n'ont cessé de chercher au cours de cette phase à renégocier les conditions de leur adhésion.

La CE n'est pas parvenue à réaliser l'union politique et monétaire au cours des années 70, mais elle a réussi à arrêter deux mesures propres à favoriser la coopération dans ce domaine. La première, l'instauration en 1970 de la Coopération politique européenne (CPE), a permis aux États membres qui le souhaitaient de coopérer en matière de politique étrangère. La deuxième, soit la création du système monétaire européen (SME) en 1979, résultat d'un marché conclu entre le chancelier allemand Helmut Schmidt et le président français Valéry Giscard d'Estaing, devait créer une zone de stabilité monétaire en Europe. En vertu du mécanisme de change, un pays devait intervenir sur le marché des devises si son taux de change déviait de plus ou moins 2 1/4 p. 100 par rapport au taux pivot. Le système a d'ailleurs assuré une période de stabilité monétaire relative jusqu'à la fin des années 80.

Au sommet de Paris de 1974, les chefs de gouvernement de la CE décident d'instituer le Conseil européen, officialisant ainsi leur habitude de se réunir pour trancher des

questions pouvant infléchir ou tracer le cours de l'unification européenne. Le Conseil européen se réunit environ trois fois par année jusqu'en 1986, après quoi les rencontres ont généralement lieu deux fois l'an sauf lorsqu'une situation d'urgence nécessite une réunion supplémentaire. Il est également convenu au sommet de Paris d'élire l'Assemblée européenne au suffrage universel; en 1979 a lieu la première élection au suffrage universel des 410 membres de l'Assemblée européenne. Le 1^{er} janvier 1981, la CE s'élargit une deuxième fois avec l'entrée officielle de la Grèce dans la Communauté européenne.

La Commission européenne

La Commission européenne est un des organes clés du système institutionnel communautaire. À la suite du traité de fusion des exécutifs entré en vigueur le 1^{er} juillet 1967, la Commission est l'organisme commun aux trois Communautés européennes : la CECA, la CEE et l'Euratom. Elle se compose de 20 membres depuis le 5 janvier 1995 (deux membres pour la France, l'Allemagne, le Royaume-Uni, l'Italie et l'Espagne, un membre pour chacun des autres pays), nommés d'un commun accord par les États membres. Avec le Traité de Maastricht, leur mandat a été porté à cinq ans et leur nomination est soumise à un vote d'investiture du Parlement.

La Commission européenne jouit d'une large indépendance dans l'exercice de ses attributions. Elle incarne l'intérêt communautaire et ne se soumet à l'injonction d'aucun État membre. Gardienne des traités, elle veille à la mise en oeuvre des règlements et des directives adoptés par le Conseil et peut recourir à la voie contentieuse devant la Cour de justice pour faire appliquer le droit communautaire.

Disposant du monopole de l'initiative législative, elle peut intervenir à tout moment pour faciliter un accord au sein du Conseil et entre celui-ci et le Parlement. Organe de gestion, la Commission exécute les décisions prises par le Conseil, par exemple dans le domaine de la politique agricole commune. Elle dispose d'un large pouvoir dans la conduite des politiques communes dont le budget lui est confié : recherche et technologie, aide au développement, cohésion régionale, etc.

Elle est contrainte à la démission collective lorsqu'elle est censurée, à une majorité qualifiée, par le Parlement européen, devant lequel elle est responsable. (La censure n'a jamais été encore votée.)

Le collège des commissaires dispose, pour l'assister, d'une administration dont le siège est réparti principalement entre Bruxelles et Luxembourg. Les 23 directions générales constituent autant de secteurs spécialisés dans la mise en oeuvre des politiques communes et dans la gestion administrative générale. À la différence des secrétariats des organisations internationales classiques, la Commission dispose de l'autonomie financière et peut exercer ses prérogatives en toute indépendance.

L'école de pensée fédéraliste voit dans la Commission l'embryon d'un gouvernement européen qui sera responsable devant un parlement bicaméral : le Parlement européen et le Sénat des États membres, qui serait issu de l'actuel Conseil de l'Union européenne. Jacques Santer est président de la Commission depuis janvier 1995¹⁰.

D. La «renaissance»

La quatrième période, baptisée «renaissance» par le professeur Pentland, commence en 1984 et dure encore aujourd'hui. Le premier facteur de cette renaissance est le règlement des doléances budgétaires de la Grande-Bretagne. Un autre facteur qui incite les membres de la CEE à s'intéresser de plus près à la coopération est la dégradation des relations entre l'Europe et les États-Unis en raison des missiles nucléaires installés en Europe.

On a assisté en 1984 à une nouvelle émergence de l'option du fédéralisme, quand le Parlement européen «a commencé à attaquer la question de front» (28:10). Celui-ci a publié un rapport dans lequel «il insistait pour dire que l'évolution de la communauté passait par la création d'institutions plus fédéralistes, y compris un exécutif plus puissant, un plus grand nombre de votes à la majorité au sein du Conseil des ministres et un Parlement doté de pouvoirs réels. Le projet de traité de l'Union européenne a fait un grand bout de chemin avant de couler. Il a exercé une influence considérable sur la réforme institutionnelle qui a suivi» (28:10).

Cependant, le principal moteur de la renaissance européenne a sans doute été le Programme du marché unique. Comme il a été dit, la CE était devenue très consciente au cours des années 1970 et au début des années 1980 d'une baisse de la compétitivité européenne par rapport aux États-Unis et au Japon, particulièrement dans le domaine de la haute technologie. Selon la Commission, une grande partie du problème était attribuable à la balkanisation du marché interne, qui empêchait les entreprises européennes de réaliser les économies d'échelle nécessaires pour étaler les coûts de recherche et de développement et de production. Selon une étude commandée par la Commission, soit le rapport Cecchini, la suppression des obstacles commerciaux internes permettrait : d'ajouter environ 4,5 p. 100 au PIB de la Communauté, de réduire d'environ 6,1 p. 100 les prix à la consommation et de soustraire 1,8 million de personnes des rangs des chômeurs.

En 1985, la Commission a présenté son Livre blanc intitulé *L'achèvement du marché intérieur*, qui contenait près de 300 propositions visant à éliminer les obstacles à la libre circulation des biens, des services, des capitaux et des personnes avant la fin de 1992. Ce délai a pris une plus grande importance encore quand le Programme du marché unique a été rebaptisé «l'Europe de 1992». L'idée de l'achèvement du marché intérieur a été très bien reçue par les membres de la Communauté, y compris le Royaume-Uni, où le principe coïncidait avec la philosophie de marché libre du premier ministre, Margaret Thatcher. Néanmoins, sa mise en oeuvre aurait pu dégénérer en débat sans fin, n'eût été l'adoption de certaines dispositions de *l'Acte unique européen* qui a modifié le traité de Rome de façon à permettre au Conseil des ministres d'adopter, à une majorité qualifiée, la plupart des directives touchant l'établissement et le fonctionnement du marché intérieur. Parmi les mesures qui échappent à la règle de la majorité qualifiée, soulignons les mesures financières, la libre circulation des personnes et les droits et les intérêts des salariés.

La Cour de justice

La Cour de justice de l'Union, installée à Luxembourg, est formée de 15 juges nommés pour six ans d'un commun accord par les États membres; leur indépendance est garantie. La Cour remplit essentiellement deux fonctions :

- (i) vérifier la compatibilité avec les traités des actes des institutions européennes et des gouvernements (la Cour peut être saisie par une institution communautaire, un État ou un particulier s'il s'estime directement lésé);
- (ii) se prononcer, à la demande d'un tribunal national, sur l'interprétation ou la validité des dispositions du droit communautaire. Chaque fois qu'un procès fait apparaître une contestation à cet égard, les juridictions nationales s'exprimant en dernière instance ont l'obligation de demander une décision préjudicielle à la Cour de justice.

Par ses arrêts et ses interprétations, la Cour de justice favorise l'émergence d'un véritable droit européen qui s'impose à tous. L'autorité des jugements de la Cour, dans le domaine du droit communautaire, prévaut en effet sur celle des divers tribunaux nationaux. La jurisprudence de la Cour a ainsi contribué de manière décisive à façonner l'Union européenne d'aujourd'hui.

Depuis 1987, la Cour est assistée d'un Tribunal de première instance, qui traite en particulier des contentieux administratifs des institutions et des litiges entre la Commission européenne et les entreprises, suscités par les règles de la concurrence¹¹.

L'Acte unique a établi aussi le principe de la reconnaissance mutuelle, selon lequel, là où la santé et la sécurité de la population ne sont pas compromises, les biens légalement fabriqués et mis en marché dans un État membre puissent entrer librement dans les autres États membres. Cette règle a contribué à alléger la pléthore d'obstacles non douaniers internes découlant des différences entre les normes et les spécifications techniques nationales qui régissaient les divers produits. Un autre élément clé de l'Acte unique était l'accroissement des pouvoirs du Parlement européen. Conformément à la procédure dite «de coopération», si celui-ci vote un amendement à une disposition législative proposée par la Commission, seul un vote unanime du Conseil des ministres peut annuler cette modification.

La Cour des comptes

La Cour des comptes, créée par le traité du 22 juillet 1975, est composée de 15 membres désignés d'un commun accord pour six ans par les États membres. Elle vérifie la légalité et la régularité des recettes et des dépenses de la Communauté ainsi que la bonne gestion financière. Son plan d'ensemble se matérialise par l'établissement d'un rapport annuel réalisé après la clôture de chaque exercice. Le traité sur l'Union, signé à Maastricht, élève la Cour des comptes européenne au rang de cinquième institution de la Communauté¹².

De plus, en 1986, la CE s'est élargie une troisième fois avec l'entrée de l'Espagne et du Portugal. Le succès du Programme du marché unique (notamment une plus grande reconnaissance de l'objectif de cohésion économique et sociale), conjugué aux conditions économiques favorables à l'échelle mondiale et à un plus grand consensus entre les États membres, ont encouragé des plans d'unification plus ambitieux. En outre, l'effondrement du communisme et la réunification de l'Allemagne ont poussé de l'avant l'intégration européenne. La puissance croissante de l'Allemagne et l'instabilité politique sur ses frontières orientales ont persuadé les États membres de la CE de la nécessité d'adopter une politique étrangère et de sécurité commune et de coopérer dans les domaines de la justice, de l'asile et de l'immigration.

Le Comité économique et social

Le Conseil et la Commission sont assistés par le Comité économique et social pour les affaires intéressant la CE et l'Euratom. Celui-ci est formé de 222 membres représentant les différentes catégories de la vie économique et sociale. Il doit obligatoirement être consulté avant l'adoption d'un grand nombre de décisions et peut également rendre des avis de sa propre initiative.

Le Comité économique et social permet une association active des milieux professionnels et syndicaux au développement de la Communauté¹³.

En décembre 1991, les dirigeants de la Communauté européenne réunis dans la ville néerlandaise de Maastricht ont approuvé en principe le Traité sur l'Union européenne, mieux connu sous le nom de traité de Maastricht, conçu pour encadrer le resserrement de l'union économique et politique. Le traité de Maastricht est le résultat d'un an de travail dans deux conférences intergouvernementales, l'une portant sur l'union politique et l'autre sur l'union économique.

Le Comité des régions

Le Comité des régions, mis en place par le traité sur l'Union, est composé de 222 représentants des collectivités régionales et locales nommés par le Conseil sur proposition des États pour quatre ans. Il est consulté par le Conseil ou la Commission dans les cas prévus par le traité et siège à Bruxelles¹⁴.

Selon M^{me} Gretchen MacMillan (professeure agrégée de sciences politiques à l'Université de Calgary), c'est pendant ces deux conférences intergouvernementales que l'on s'est mis d'accord sur les «trois piliers» de l'Union européenne. Le premier pilier regroupe les éléments relevant des traités qui ont présidé à l'établissement de la Communauté européenne dans les années 50, y compris les modifications comme celles qui ont entraîné

13 *Ibid.*, p. 13.

14 *Ibid.*, p. 13.

l'union économique et monétaire. Il comprend également les instruments qui ont modifié les rôles de la Commission européenne et du Parlement européen. Selon M^{me} MacMillan, «la communauté est considérée comme le pilier supranational, puisque les décisions se prennent entre les institutions supranationales» (31:5).

Union européenne ou communauté européenne?

Le traité de Maastricht, entré en vigueur le 1^{er} novembre 1993, a créé une Union européenne constituée des Communautés européennes et des politiques et formes de coopération instituées par le présent traité, c'est-à-dire :

- La Communauté européenne (CE), anciennement la Communauté économique européenne (CEE).
- La Communauté européenne du charbon et de l'acier (CECA).
- La Communauté européenne de l'énergie atomique (EURATOM).
- La coopération intergouvernementale en matière de politique étrangère et de sécurité commune et dans les questions d'affaires intérieures et de justice.

L'Union européenne ne remplace pas la Communauté européenne. Plutôt, la CE (ainsi que la CECA et EURATOM) constitue l'un des piliers de l'Union, le deuxième pilier étant la politique étrangère et de sécurité commune et le troisième, la politique en matière d'affaires intérieures et de justice. À la différence de la CE, l'Union européenne ne jouit pas d'une personnalité juridique internationale; elle ne peut pas, par exemple, contracter des obligations légales ou envoyer ou recevoir des légations¹⁵.

Ces mêmes conférences intergouvernementales ont même permis de s'entendre sur certaines réalisations en dehors du cadre des institutions supranationales. D'après M^{me} MacMillan, ces changements, qui relèvent du deuxième et du troisième piliers, «constituent le fondement même de l'État-nation» puisqu'ils portent sur la sécurité ainsi que sur les relations intérieures et extérieures (31:6). Le deuxième pilier est constitué de la politique étrangère et de sécurité commune, tandis que le troisième porte sur la coopération dans les domaines de la justice et des affaires intérieures.

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United Kingdom, Foreign and Commonwealth Office, A Partnership of Nations, The British Approach to the European Union Intergovernmental Conference 1996, London, mars 1996, p. 4.

Selon le M. Peter Leslie (professeur de sciences politiques à l'Université Queen's), l'interaction de quatre grands facteurs a donné lieu au traité de Maastricht. Premièrement, l'effondrement du communisme en Europe de l'Est et la menace de troubles dans certains de ses États ont fait naître «la nécessité de faciliter la transition vers un système politique et économique de type occidental» (31:17). Deuxièmement, la réunification de l'Allemagne a donné à cette dernière plus de poids politique et économique au sein de la Communauté. Il est donc devenu important de resserrer la structure politique et institutionnelle de la CE entourant cette Allemagne plus vaste.

Le troisième facteur ayant motivé la négociation du traité de Maastricht, toujours selon M. Leslie, est le désir de poursuivre la réforme des institutions de la CE amorcée en vertu de *l'Acte unique européen* de 1986. On s'était fixé comme objectif de donner à la CE un régime politique plus démocratique, mais aussi plus efficace dans la mise en oeuvre des politiques touchant l'économie, les affaires sociales, l'environnement et ainsi de suite. L'objectif global était «d'établir les assises d'un État fédéral à part entière» (31:18).

Le quatrième facteur était le désir d'une union monétaire. Celle-ci était souhaitée avec une ardeur particulière par la France. La rigoureuse politique monétaire de la Bundesbank avait fait du Deutchmark la devise européenne clé; les autres pays étaient donc obligés de suivre l'Allemagne ou de subir la spéculation sur leurs devises. La création de la Banque centrale européenne était considérée comme une façon de donner aux autres pays leur mot à dire dans l'établissement de la politique monétaire européenne.

E. L'intégration européenne achoppe

La signature du traité de Maastricht a provoqué une vague d'optimisme chez les fédéralistes européens, mais leur enthousiasme s'est bientôt heurté au processus de ratification¹⁶. En juin 1992, le Danemark a rejeté le traité dans un référendum national. La

16 Comme on le verra au chapitre VIII, l'espoir suscité par Maastricht s'est rapidement dissipé devant l'incapacité de l'UE d'intervenir efficacement dans l'ancienne Yougoslavie.

France, pays qui a toujours été un fervent partisan de l'eupéanisme, ne l'a approuvé qu'à une faible majorité lors d'un référendum tenu en septembre 1992. Le Danemark a approuvé le traité dans un second référendum, en mai 1993, mais seulement après l'annexion de protocoles qui le dispensaient de participer à la composante «défense» de la Politique étrangère et de sécurité commune et d'adopter la monnaie unique.

Au cours de l'été 1992, les marchés financiers, réagissant en partie au référendum danois et au déclin du soutien pour Maastricht dans l'opinion publique française, ont exercé des pressions sur les devises du Système monétaire européen. En septembre 1992, la livre britannique et la lire italienne ont suspendu leur participation au mécanisme de change. Les pressions constantes exercées sur un certain nombre d'autres devises, notamment le franc français, la couronne danoise, la peseta espagnole et l'escudo portugais, ont entraîné un élargissement de la marge de fluctuation des taux de change, qui est passé de $\pm 2 \frac{1}{4}$ p. 100 à ± 15 p. 100, en août 1993.

Le succès de Maastricht a également été limité par le fait que le Royaume-Uni a décidé d'annexer au traité un protocole qui lui donne le droit de se retirer de l'union économique et monétaire (UEM) s'il le désire. Le gouvernement britannique ne peut pas passer à la troisième phase de l'UEM à moins d'une décision distincte de sa part et de son Parlement. Les États membres n'ont pas réussi non plus à obtenir l'unanimité sur la politique sociale visée par le traité. Le R.-U. n'a pas voulu approuver les dispositions touchant les droits des travailleurs, de sorte que le chapitre social a été annexé au traité sous forme de protocole distinct, au lieu d'y être intégré comme on l'avait prévu au départ.

Avec l'entrée en vigueur du traité de Maastricht en 1993, la Communauté économique européenne a été officiellement rebaptisée Communauté européenne et une nouvelle entité, l'«Union européenne» (UE), a été créée. Celle-ci regroupe la Communauté européenne, la Communauté européenne du charbon et de l'acier ainsi que la Communauté européenne de l'énergie atomique. En 1995, l'UE s'est encore élargie avec l'adhésion de

l'Autriche, de la Finlande et de la Suède. La Norvège, dont l'entrée avait été autorisée, s'est désistée quand, dans un référendum national tenu en novembre 1994, la population a rejeté l'adhésion. Mais d'autres pays attendent dans les coulisses de se joindre à l'UE, notamment Malte, Chypre, la Hongrie, la Pologne, la République tchèque, la Slovaquie et quelques autres États de l'Europe centrale et orientale.

Les chapitres à venir présenteront un examen plus détaillé de la prochaine étape de l'unification européenne découlant du traité de Maastricht : la mise en place de l'union économique et monétaire; l'adoption d'une politique étrangère et de défense commune; l'établissement de la coopération dans le domaine de la justice et des affaires intérieures. Il sera également question de l'élargissement de l'UE.

III. LIENS ENTRE LE CANADA ET L'UE EN MATIÈRE DE COMMERCE ET D'INVESTISSEMENTS

A. Introduction

En 1995, les exportations canadiennes de biens et de services représentaient 37 p. 100 du PIB du Canada, ce qui faisait de notre pays l'État du G-7 le plus dépendant des exportations, éclipsant même l'Allemagne. Si le Canada est tellement tributaire des exportations, c'est notamment parce qu'il est le voisin immédiat de l'un des plus importants marchés du monde, les États-Unis. Pourtant, de l'autre côté de l'océan Atlantique se trouve un marché de taille analogue, celui de l'Union européenne, avec une population de 375 millions d'habitants (en 1994) et un PIB de 8,4 billions de dollars américains (en 1995). Par comparaison, les États-Unis affichent un PIB de 7 billions de dollars américains et une population de 261 millions d'habitants. En 1994, les exportations de biens de l'UE ont été de 1,5 billion de dollars américains, et ses importations sensiblement équivalentes, ce qui représente 35 p. 100 de tous les échanges mondiaux. L'UE est le premier exportateur de services et le plus important importateur de biens. On trouvera dans les chapitres qui suivent un examen de la relation commerciale du Canada avec la première entité économique du monde.

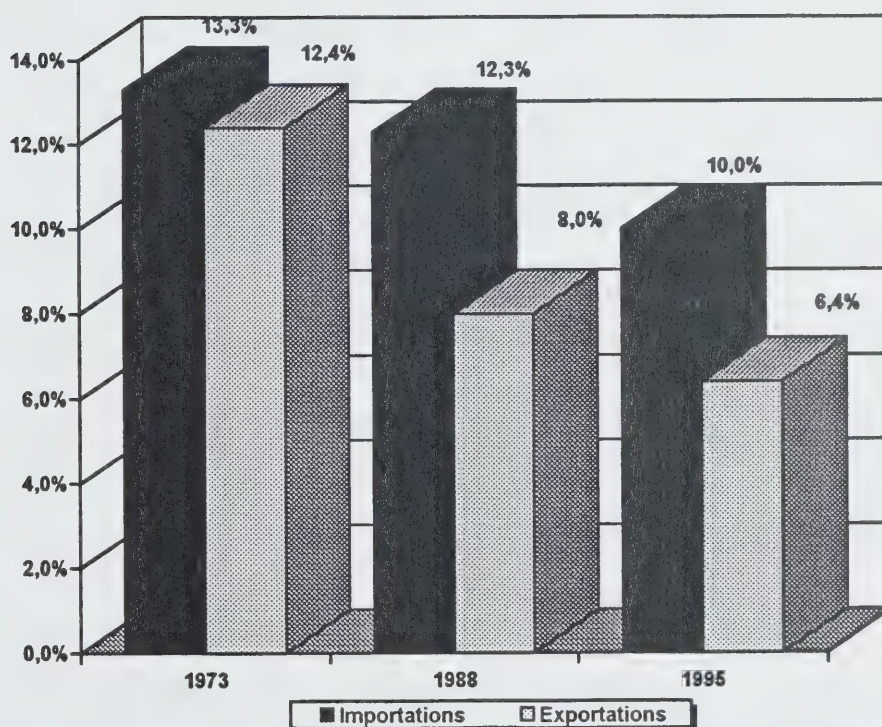
B. Commerce de marchandises entre le Canada et l'UE

Lorsque le Comité a déposé son rapport sur les relations entre la Communauté européenne et le Canada en 1973, le Royaume-Uni, qui est le plus important partenaire commercial du Canada en Europe, venait tout juste de joindre les rangs de la Communauté européenne¹⁷. Cette année-là, le Canada avait expédié l'équivalent de 3,1 milliards de dollars de marchandises aux neuf pays membres de la Communauté européenne, soit 12,4 p. 100 de toutes ses exportations (Graphique 3.1). En 1988, la valeur des exportations canadiennes de marchandises vers les 12 pays membres de la Communauté européenne élargie avait grimpé à

17 À une époque, la Grande-Bretagne était le plus important marché d'exportation du Canada. Cependant, en dépit de l'introduction par la Grande-Bretagne de préférences tarifaires favorisant les pays du Commonwealth en 1919, les échanges du Canada ont continué de s'infléchir suivant un axe nord-sud si bien que, au début des années 30, les États-Unis et la Grande-Bretagne comptaient pour à peu près la même quantité d'exportations. Les États-Unis étaient par contre devenus la plus importante source d'importations du Canada.

10,9 milliards de dollars, mais ne représentait plus que 8 p. 100 de toutes les exportations du Canada. En 1995, malgré l'adhésion de trois nouveaux membres à l'UE et l'augmentation marquée des exportations vers les grands marchés nationaux européens, à peine 6,4 p. 100 de toutes les exportations canadiennes étaient destinées à l'UE.

Graphique 3.1
Commerce de marchandises canadiennes avec l'UE
(en % du commerce avec tous les pays)



Source: Statistique Canada

Au chapitre des importations, le Canada avait acheté l'équivalent de 2,4 milliards de dollars de biens en 1973, soit 13,3 p. 100 de toutes ses importations. En 1988, la valeur des importations canadiennes en provenance de la Communauté européenne s'élevait à 16,1

milliards de dollars, soit 12,3 p. 100 du total des importations canadiennes. En 1995, les achats de biens par le Canada à l'UE représentaient 22,6 milliards, soit 10 p. 100 de toutes les importations canadiennes.

Tableau 3.1
Exportations canadiennes de marchandises par groupe de pays
(en milliards de dollars canadiens) (1988-1995)

	1988	1989	1990	1991	1992	1993	1994	1995
États-Unis	98,1 \$	98,7 \$	105,5 \$	103,3 \$	118,7 \$	142,5 \$	173,1 \$	196,2 \$
Japon	8,8 \$	8,8 \$	8,2	7,1	7,5	8,4 \$	9,6 \$	11,9 \$
Aut. pays du Pacifique	8,1 \$	7,4 \$	7,3	8,0	7,6 \$	7,3 \$	9,2 \$	12,9 \$
Union européenne	10,9 \$	11,5 \$	11,7	11,1	11,2	10,6 \$	11,3 \$	15,9 \$
Tous les pays	134,9\$	134,8\$	141,7 \$	138,5 \$	154,5 \$	177,6 \$	213,3 \$	247,7 \$

Source : Statistique Canada

Tableau 3.2
Importations canadiennes de marchandises par groupe de pays
(en milliards de dollars canadiens) (1988-1995)

	1988	1989	1990	1991	1992	1993	1994	1995
États-Unis	86,0 \$	88,1 \$	87,9 \$	86,4 \$	96,5 \$	114,0 \$	136,6 \$	150,7 \$
Japon	9,3 \$	9,6 \$	9,5 \$	10,3 \$	10,8 \$	10,7 \$	11,3 \$	12,1 \$
Aut. pays du Pacifique								
Union européenne	9,1 \$	9,7 \$	9,6 \$	10,0 \$	11,5 \$	13,9 \$	16,2 \$	19,2 \$
Tous les pays	16,1 \$	14,9 \$	15,6 \$	14,7 \$	14,4 \$	14,8 \$	17,7 \$	22,6 \$
	131,2 \$	135,2 \$	136,2 \$	135,5 \$	148,0 \$	170,1 \$	202,7 \$	225,5 \$

Source : Statistique Canada

Manifestement, la prédominance croissante des échanges entre le Canada et les États-Unis au cours des quatre ou cinq dernières années explique en partie la diminution de l'importance relative du commerce entre le Canada et l'UE (tableau 3.1). Ce fléchissement est toutefois antérieur à la récente intensification des exportations canadiennes vers les États-Unis. En fait, comme l'indique le tableau 3.1, les exportations canadiennes ont en réalité diminué en termes *absolus* au début des années 90. En 1995, il y a eu un redressement des exportations canadiennes vers l'UE, comme en témoigne la hausse de 41,3 p. 100 par rapport à 1994. Même après pondération pour tenir compte de l'adhésion de trois nouveaux membres (Autriche, Finlande et Suède), les exportations à destination de l'UE ont quand même augmenté de 35,2 p. 100 en 1995 par rapport à l'année précédente.

Dans les années 80, la proportion des importations en provenance de la CE, par rapport à l'ensemble des importations, a en fait augmenté. Au début des années 90, elles ont toutefois régressé en termes absolus et en proportion du total des importations.

Au moment où les exportateurs de la CE perdaient du terrain sur le marché canadien, les exportateurs canadiens voyaient leur part du marché européen s'effriter. Le tableau 3.3 (Graphique 3.2) donne une idée de la place occupée par le Canada sur l'ensemble du marché européen des importations. En 1988, les exportations canadiennes représentaient 2,2 p. 100 des importations de l'UE en provenance de pays non membres de l'UE; en 1991, cette part avait chuté à 1,9 p. 100 et, en 1994, elle était tombée à 1,7 p. 100. À titre de comparaison, la part du marché européen des importations occupée par les États-Unis atteignait 17,3 p. 100 en 1988, 18,2 p. 100 en 1991 et 18 p. 100 en 1994. Alors que les États-Unis ont fait en sorte de maintenir ou d'augmenter leur part du marché européen des importations, la proportion des importations européennes en provenance du Canada n'a cessé de diminuer depuis 1988.

Comment cela se traduit-il en termes d'exportations perdues? Si le Canada avait réussi à conserver sa part de 2,2 p. 100 du marché européen (le niveau de 1988), il aurait exporté l'équivalent d'environ 4,6 milliards de dollars de plus en marchandises vers l'UE en 1994. Grosso modo, ces exportations auraient procuré environ 50 000 emplois de plus aux Canadiens¹⁸.

Tableau 3.3
Parts du marché européen des importations

	1986	1988	1990	1991	1992	1993	1994
Canada	2,0 %	2,2 %	2,1 %	1,9 %	1,8 %	1,6 %	1,7 %
États-Unis	17,0 %	17,3 %	17,7 %	18,2 %	17,7 %	17,4 %	18,0 %
Japon	10,1 %	10,9 %	10,2 %	10,6 %	11,0 %	10,4 %	9,3 %

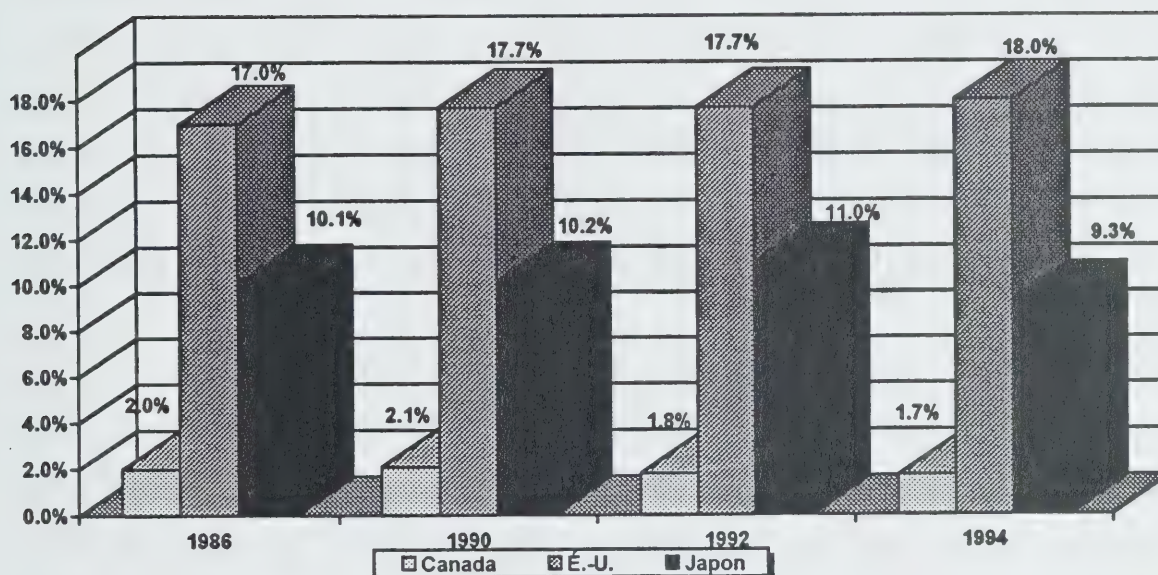
Source : Calculs effectués à partir de données du FMI, *Direction of Trade Statistics Yearbook*.

18 Les estimations du nombre d'emplois créés par les exportations varient. Le gouvernement canadien estime que chaque tranche d'un milliard de dollars (CAN) d'exportations procure 11 000 emplois, tandis que le Département du Commerce des États-Unis estime que chaque tranche d'un milliard de dollars (US) d'exportations crée 25 000 emplois.

Il est encore difficile de dire si la relance des exportations canadiennes en 1995 a pu renverser ce fléchissement de la position du Canada sur le marché européen. Selon les données jusqu'en 1994, la performance commerciale du Canada en Europe est toutefois moins encourageante que certains l'ont présentée. Sir Leon Brittan a reconnu devant le Comité que le commerce entre le Canada et l'UE était stagnant et que c'était là une grande source de préoccupation pour l'UE. Selon lui, il faudrait examiner la situation afin d'y trouver une solution.

Plusieurs raisons ont été invoquées pour expliquer le ralentissement des exportations canadiennes vers l'Europe dans les années 80 -- d'abord, le taux de change du dollar canadien et, ensuite, la récession européenne en 1991-1993. Au début des années 80, les dollars canadien et américain se sont considérablement appréciés par rapport à la plupart des devises mondiales, notamment les devises européennes. Entre 1980 et 1984, la valeur du dollar canadien s'est accrue de 57 p. 100 par rapport à la livre anglaise, de 86 p. 100 par rapport au franc français et de 41 p. 100 par rapport au mark allemand.

Graphique 3.2
Parts du marché des importations de l'UE



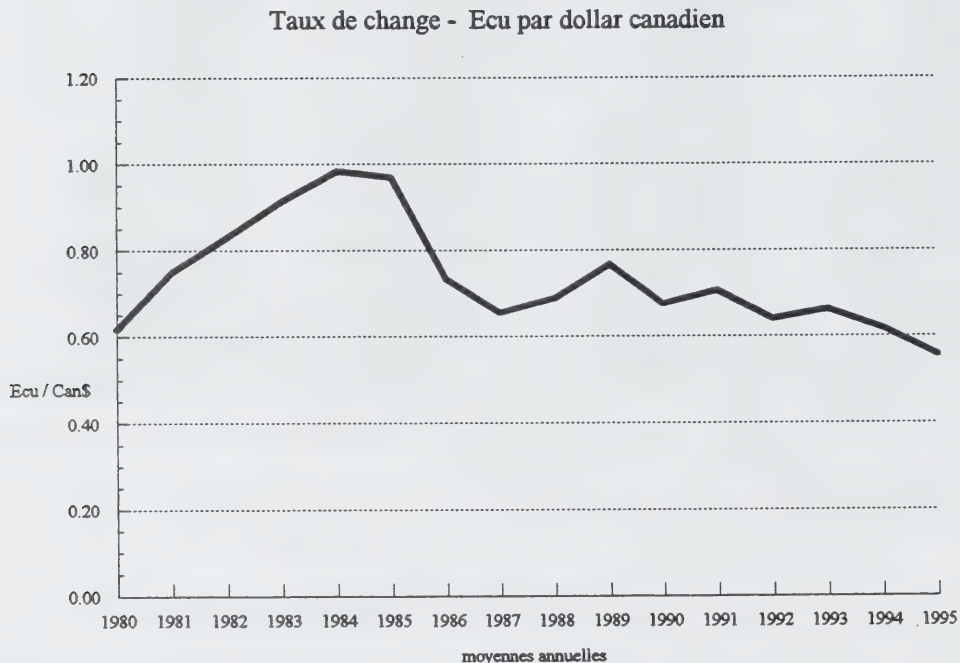
Source: FMI, *Direction of Trade Statistics Yearbook*.

Au début de 1985, le dollar canadien a commencé à perdre de la valeur par rapport aux devises européennes (Figure 3.1). À la suite de l'Accord du Plaza, en 1985, le dollar américain a commencé à se déprécier progressivement par rapport à la plupart des devises mondiales, y compris le dollar canadien. Là encore, le dollar canadien a montré des signes de faiblesse par rapport aux devises européennes. N'eût été de la rigueur de la politique monétaire canadienne à la fin des années 80, la valeur du dollar canadien par rapport à celle des devises européennes aurait été encore plus basse.

Au début des années 90, les exportations canadiennes vers l'UE auraient pu mieux réagir à la dépréciation du dollar canadien, n'eût été de la récession qui a frappé le plus grand marché d'exportation européen du Canada, soit la Grande-Bretagne, en 1991-1992, et dont les autres grands marchés, c'est-à-dire l'Allemagne, la France et l'Italie, ont ensuite été victimes en 1993. Toutefois, les exportations des autres pays à destination de l'UE auraient

aussi dû souffrir de la récession. La récession européenne ne suffit donc pas à expliquer pourquoi la part canadienne du marché de l'importation de l'UE a décliné.

Figure 3.1



Source : OCDE et Bibliothèque du Parlement, service de recherche.

La situation tient peut-être en partie au fait que le Canada est l'un des rares pays dont les exportations sont assujetties au tarif extérieur commun de l'UE. Le ministre du Commerce international, Art Eggleton, a expliqué au Comité que le Canada pourrait mieux soutenir la concurrence sur le marché européen s'il bénéficiait lui aussi d'un accès préférentiel au marché. Il a précisé que, même après la réduction des droits issue de l'Uruguay Round, l'Union impose quand même des droits élevés sur des produits comme l'aluminium, le cuivre et d'autres métaux non ferreux, les produits chimiques, le matériel de télécommunication, le poisson frais et le poisson emballé, les produits agricoles et les produits du bois, droits qui peuvent aller de 3 à 10 p. 100 et même jusqu'à 25 p.100 sur certains produits du poisson.

(3:6)

Le directeur des relations avec le gouvernement de la société Newbridge Networks, Chris Albinson, a dit au Comité que les droits qui frappent les produits de Newbridge sont récemment passés de 4,5 à 7,5 p. 100. Il a dit que les droits de douane imposés par l'UE visaient à protéger les fabricants européens de matériel de télécommunication, qui accusent un retard technologique par rapport aux producteurs d'Amérique du Nord. Il constate que ces barrières douanières ont fait perdre à sa société les avantages qu'elle avait gagnés en investissant tôt et estime que leur élimination contribuerait grandement à améliorer la position concurrentielle de Newbridge (30:16)

Les exportateurs canadiens doivent aussi surmonter des barrières non douanières pour accéder au marché européen. M. Albinson a expliqué que les normes de produits revêtaient une grande importance dans le secteur des télécommunications et que l'Amérique du Nord et l'Europe ne reconnaissent pas les normes l'un de l'autre en matière de sûreté des produits et d'émissions électromagnétiques. Par conséquent, a-t-il dit, la société qui veut exporter en Europe doit reprendre les tests sur tous ses produits, ce qui représente des coûts d'homologation d'environ 40 000 \$ par produit et par pays, donc beaucoup d'argent particulièrement pour une PME. Il a précisé que l'homologation de tous les produits de Newbridge en vue de leur vente en Europe coûterait 30 millions de dollars. (30:15-16)

En dépit des difficultés créées par les barrières douanières et non douanières au commerce avec l'UE, les ventes de matériel de télécommunications de Newbridge en Europe représentent une part importante du chiffre d'affaires de la société. Elles surpassent maintenant les ventes aux États-Unis parce que l'Europe vient tout juste de libéraliser ses marchés intérieurs des télécommunications, alors que ce processus a commencé en 1984 aux États-Unis. Par ailleurs, bien que Newbridge n'occupe qu'un petit créneau en Europe, elle compte parmi ses clients toutes les grandes entreprises de télécommunications européennes de même que certaines des grandes sociétés d'Europe. Selon M. Albinson, la modernisation de l'infrastructure des télécommunications de l'Europe offre des perspectives extrêmement intéressantes aux entreprises canadiennes.

On l'a vu, la performance du Canada au chapitre des exportations à destination de l'UE pourrait être améliorée. Malgré tout, considérée comme une seule entité, l'UE demeure le deuxième plus important partenaire commercial du Canada pour ce qui est des marchandises. En 1995, 4,6 milliards de dollars (29 p. 100) des exportations canadiennes vers l'UE étaient des produits forestiers (pâte de bois, bois d'oeuvre, papier journal et autres papiers). Les produits transformés et les biens finis constituent toutefois maintenant une part importante des exportations canadiennes vers l'Europe. Ensemble, les biens industriels de même que les machines et l'équipement (notamment le fer, l'acier et les métaux non ferreux, l'équipement de transport et les machines industrielles) représentent 8,2 milliards de dollars (51,5 p. 100) des exportations vers l'UE.

Tableau 3.4
Exportations canadiennes vers l'UE par pays et par groupe de produits
(en millions de dollars canadiens) (1995)

	Allemagne	France	R.-U.	Italie	Autres pays de l'UE	Total pour l'UE
Produits de l'agriculture et de la pêche	197,0	182,8	317,3	178,1	1 104,3	1 979,5
Produits énergétiques	0,3	31,2	83,9	83,1	98,9	297,4
Produits forestiers	1 203,5	475,7	905,2	866,3	1 166,8	4 617,5
Produits industriels	585,7	400,1	1 325,1	379,8	1 809,3	4 500,0
Machines et équipement	921,5	681,4	961,2	224,7	916,5	3 705,2
Produits de l'automobile	107,1	15,6	21,3	8,8	89,0	241,8
Biens de consommation	132,9	88,5	120,1	26,5	180,2	548,2
Transactions spéciales	2,4	12,3	13,8	0,3	8,0	36,8
Total	3 150,3	1 887,5	3 747,7	1 767,5	5 373,0	15 926,8

Source : Statistique Canada, Le commerce international de marchandises du Canada, décembre 1995.

Les principaux marchés nationaux d'exportation du Canada au sein de l'UE sont le R.-U., l'Allemagne, la France et l'Italie¹⁹. Les exportations canadiennes ont connu une

19 Selon les données de Statistique Canada, le Canada a exporté plus de marchandises en Belgique qu'en Italie en 1995. Ces données doivent toutefois être traitées avec un certain scepticisme. Depuis que l'UE est une union douanière, les biens peuvent circuler librement dans l'ensemble de l'Union et le point d'entrée des exportations ne coïncide pas nécessairement avec leur destination finale. Ainsi, le port d'Anvers en Belgique sert de point d'entrée pour les biens destinés à un certain nombre de pays d'Europe, d'où l'importance apparente de notre commerce avec la Belgique.

forte croissance sur tous ces grands marchés nationaux en 1995. Il y a lieu de noter l'augmentation du volume des exportations vers l'Allemagne. Si cette tendance se maintient, l'Allemagne dépassera bientôt le R.-U. au rang de plus important importateur de marchandises canadiennes au sein de l'UE.

Tableau 3.5
Importations canadiennes en provenance de l'UE par pays et par groupe de produits
(en millions de dollars canadiens) (1995)

	Allemagne	France	R.-U.	Italie	Autres pays de l'UE	Total pour l'UE
Produits de l'agriculture et de la pêche	139,4	360,2	258,4	233,1	520,0	1 511,1
Produits énergétiques	16,2	18,0	1 487,9	14,6	184,5	1 721,2
Produits forestiers	9,1	1,0	2,8	17,4	19,0	49,4
Produits industriels	1 210,9	747,3	1 113,9	846,2	1 796,5	5 714,7
Machines et équipement	2 292,8	1 319,7	1 722,2	1 453,3	1 895,8	8 683,9
Produits de l'automobile	609,0	81,4	198,7	76,4	514,5	1 480,0
Biens de consommation	466,2	546,4	604,8	598,4	933,5	3 149,1
Transactions spéciales	57,6	50,8	81,4	30,9	42,7	263,3
Total	4 801,0	3 124,7	5 470,1	3 270,3	5 906,5	22 572,8

Source : Statistique Canada, Le commerce international de marchandises du Canada, décembre 1995.

Comme l'indique le tableau 3.5, les importations en provenance de l'UE sont surtout des biens finis ou semi-finis comme des machines et de l'équipement (38,5 p. 100), des produits industriels (25,3 p. 100) et des biens de consommation (14 p. 100). Le R.-U. demeure la plus importante source d'importations canadiennes au sein de l'UE, 24,2 p. 100 de toutes les importations canadiennes en provenance de l'UE étant d'origine britannique; l'Allemagne en fournit 21,2 p. 100, tandis que l'Italie est la troisième source d'importations en importance pour le Canada, avec 14,5 p. 100 du total des importations.

C. Échanges de services entre le Canada et l'UE

Le commerce des services entre le Canada et l'UE occupe aussi une place prédominante dans les relations commerciales bilatérales. En 1995, le Canada a exporté pour 6 milliards de dollars de services vers l'UE et en a importé pour 7,6 milliards de dollars en

retour -- principalement sous la forme de services de voyages et de services commerciaux (Tableau 3.6). Ces échanges représentent 16 p. 100 du total des exportations canadiennes de services et 17,1 p. 100 du total des importations de services. En 1995, le Canada a vendu l'équivalent de 2,3 milliards de dollars de services commerciaux, notamment dans le domaine des finances, de l'informatique et des transports. Cette même année, les Canadiens ont acheté à l'UE environ 2,6 milliards de dollars de services commerciaux (notamment finances, transports, films et télédiffusion).

Tableau 3.6
Commerce de services entre le Canada et l'Union européenne
(en milliards de dollars canadiens)

	1994			1995		
Type de services	Exportations	Importations	Solde	Exportations	Importations	Solde
Voyages	\$2,1	\$2,8	\$-0,7	\$2,6	\$3,4	\$-0,8
Transports	\$0,7	\$0,8	\$-0,2	\$0,9	\$1,0	\$-0,1
Services commerciaux	\$1,9	\$2,5	\$-0,6	\$2,3	\$2,6	\$-0,4
Opérations gouvern.	\$0,1	\$0,4	\$-0,3	\$0,1	\$0,4	\$-0,3
Autres services	\$0,1	\$0,1	0	\$0,1	\$0,1	0
Total des services	\$4,9	\$6,7	\$-1,8	\$6,0	\$7,6	\$-1,6

Source : Statistique Canada, Balance des paiements internationaux du Canada, quatrième trimestre 1995.

D. Liens entre le Canada et l'UE au chapitre des investissements

Il existe aussi d'importants liens au chapitre des investissements entre le Canada et l'UE. À la fin de 1995, les Canadiens avaient 55,1 milliards de dollars d'investissements dans les 15 pays de l'UE et dans leurs titres (notamment des investissements directs, des actions, des obligations et d'autres actifs), dont 27,9 milliards de dollars étaient constitués d'investissements directs²⁰.

20 Un «investissement direct» est un investissement qui permet à l'investisseur d'exercer une certaine influence sur la gestion de la compagnie. Statistique Canada définit l'investissement direct comme toute opération permettant de participer au capital social d'une entreprise à raison d'au moins 10 p. 100 et portant sur des créances qu'il n'est pas prévu de recouvrer avant un an.

L'UE arrive au deuxième rang parmi les destinataires des investissements directs du Canada à l'étranger. Au cours des dix dernières années, l'importance de ces investissements dans les pays de l'UE s'est accrue en termes absolus et par rapport à ce qu'elle est ailleurs à l'étranger. En 1985, 12,7 p. 100 des investissements directs à l'étranger étaient destinés aux pays de l'UE; en 1995, cette part représentait 19,6 p. 100 de tous les investissements directs à l'étranger (Graphique 3.3). Dans l'ensemble, la plus grande part des investissements directs du Canada dans les pays de l'UE en 1995 est allée aux secteurs des finances et de l'assurance (6,4 milliards de dollars); des minéraux et produits métalliques (4,4 milliards); des communications (4,3 milliards) ainsi que de l'alimentation, des boissons et du tabac (3,6 milliards).

Un certain nombre de grandes sociétés canadiennes ont beaucoup investi sur le marché européen : l'Alcan, Bata, Bombardier, la Banque de Nouvelle-Écosse, Cascades, Hiram Walker and Sons, Hollinger, Husky Injection Molding Systems, McCain, la société Moore, Northern Telecom, la Banque Royale du Canada, Seagram, Speedy Muffler King et TeleGlobe, pour ne nommer que celles-là.

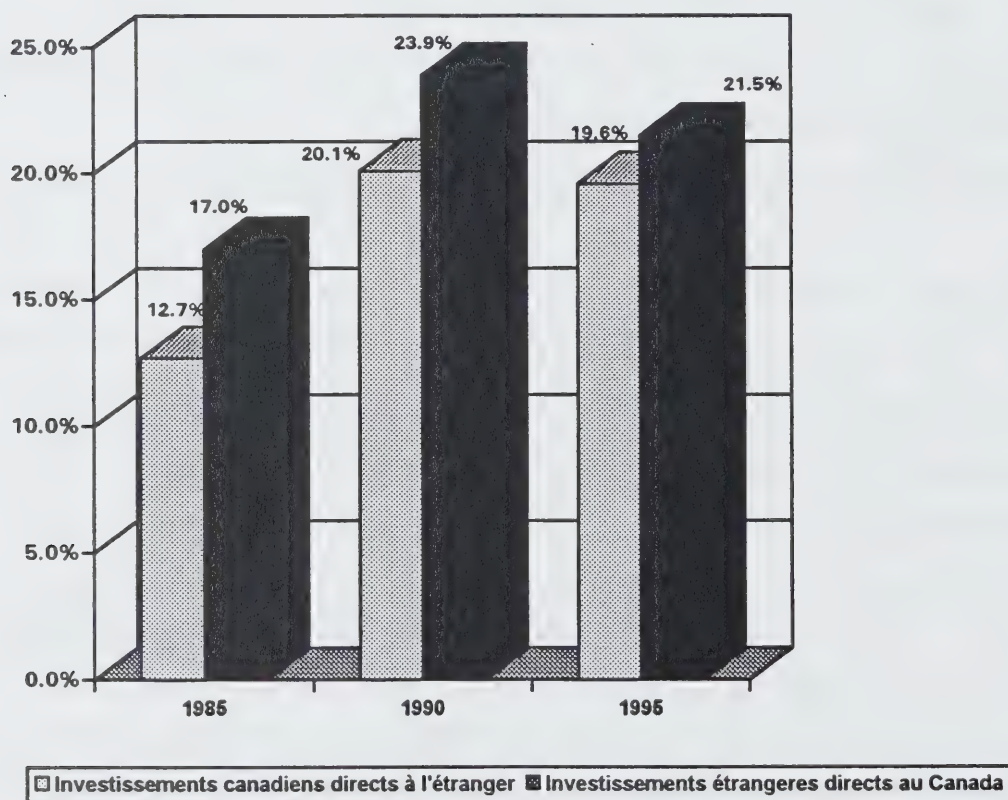
Les sociétés canadiennes investissent sur le marché européen pour plusieurs raisons, entre autres pour disposer d'usines de fabrication ou de services à proximité de leur marché. Des représentants de plusieurs sociétés canadiennes, notamment de Husky Injection Molding Systems et de Speedy Muffler King, ont dit au Comité, à Francfort, que la clé de leur succès sur le marché allemand tenait au service de qualité supérieure qu'ils offraient à leurs clients²¹.

Elles le font aussi pour échapper au tarif extérieur commun de l'UE. Comme on l'a déjà dit, les droits de douane imposés par l'UE demeurent passablement élevés dans certains secteurs. Les droits de 6 p.100 sur l'aluminium, par exemple, constituent un obstacle de taille pour l'Alcan, qui écoule par conséquent une bonne partie de sa production sur le

21 Le Comité a appris que le niveau de service fourni par les entreprises allemandes est généralement inférieur à celui que l'on observe en Amérique du Nord, ce qui confère un certain avantage aux entreprises canadiennes et américaines sur le marché allemand.

marché nord-américain et non sur le marché européen. M. Roger Scott-Taggart (directeur, Analyse commerciale, Alcan) a dit au Comité que l'Alcan avait dépensé 1,1 milliard de dollars en Europe depuis cinq ans, surtout en Allemagne. Il a expliqué que les usines européennes représentaient à peu près le tiers de l'activité commerciale de l'Alcan à l'échelle mondiale. M. Andrew DeSchultess (directeur, Relations avec le gouvernement, Alcan) a dit pour sa part que l'Europe offrait d'intéressantes perspectives de croissance et que l'Alcan y avait installé d'importantes usines de fabrication pour se lancer à l'assaut de ces marchés.

Graphique 3.3
Investissements directs entre le Canada-l'UE
 (par rapport aux investissements directs dans les autres pays)



Source: Statistique Canada, *Bilan des investissements internationaux du Canada*.

Tableau 3.7
Actifs du Canada au sein de l'Union européenne
 (en milliards de dollars canadiens)

	1985	1987	1989	1991	1993	1995
Investissements directs	7,3 \$	10,9 \$	15,7 \$	21,6 \$	23,2 \$	27,9 \$
Obligations de portefeuille	0,3 \$	0,4 \$	0,6 \$	1,5 \$	2,9 \$	4,7 \$
Actions de portefeuille	1,0 \$	2,7 \$	2,8 \$	4,4 \$	5,9 \$	8,3 \$
Autres actifs	8,2 \$	9,9 \$	10,8 \$	11,4 \$	12,2 \$	14,3 \$
Provisions	-0,4 \$	-1,0 \$	-0,9 \$	-0,3 \$	-0,3 \$	-0,2 \$
Total	16,3 \$	22,9 \$	28,8 \$	38,7 \$	44,0 \$	55,1 \$

Source : Statistique Canada, Bilan des investissements internationaux du Canada 1995.

La valeur des investissements canadiens dans les obligations de portefeuille de l'UE est passée de 0,3 milliard en 1985 à 4,7 milliards en 1995. Ainsi, leur proportion parmi les obligations étrangères détenues par les Canadiens est passée de 6 p. 100, en 1985, à 25 p. 100, en 1995. Les investissements canadiens dans les actions de portefeuille de l'UE, qui s'élevaient à un milliard de dollars en 1985 (soit 6,4 p. 100 de toutes les actions étrangères détenues par les Canadiens), atteignaient 8,3 milliards de dollars (13 p. 100) en 1995.

À la fin de 1995, les habitants de l'UE avaient 159,2 milliards de dollars d'investissements dans des entreprises et des valeurs canadiennes. De ce montant, 36,2 milliards étaient constitués d'investissements directs, ce qui représente 21,5 p. 100 du total des investissements étrangers directs au Canada et classe l'UE au deuxième rang à ce chapitre. La majeure partie de ce montant était investie dans les secteurs des finances et de l'assurance (10,3 milliards de dollars); de l'alimentation, des boissons et du tabac (5,9 milliards); de l'énergie (4,5 milliards); des produits chimiques et des textiles (4,4 milliards) ainsi que de la construction et des activités connexes (2,4 milliards).

Tableau 3.8
Engagements canadiens envers l'Union européenne
 (en milliards de dollars canadiens)

	1985	1987	1989	1991	1993	1995
Investissements directs	15,4 \$	21,3 \$	27,8 \$	31,2 \$	31,7 \$	36,2 \$
Obligations de portefeuille	26,5 \$	31,3 \$	36,9 \$	52,5 \$	65,3 \$	79,6 \$
Actions de portefeuille	1,9 \$	1,5 \$	1,3 \$	1,0 \$	0,8 \$	1,5 \$
Autres engagements	3,7 \$	6,0 \$	10,9 \$	31,6 \$	45,2 \$	42,0 \$
Total	53,9 \$	68,8 \$	90,9 \$	116,4 \$	143,0 \$	159,2 \$

Source : Statistique Canada, Bilan des investissements internationaux du Canada 1995.

Au cours des dix dernières années, il y a eu une augmentation sensible des investissements directs de l'UE au Canada en termes absolus et en pourcentage. En 1985, les investissements directs de l'UE représentaient 17 p. 100 de tous les investissements étrangers directs au Canada. En 1995, cette part avait grimpé à 21,5 p. 100.

Le ministre du Commerce international, Art Eggleton, a dit au Comité que le Canada comptait plus de 4 000 filiales de sociétés européennes. Un bon nombre de celles-ci ont une vocation régionale ou mondiale (recherche et développement ou fabrication) et exportent vers d'autres marchés à partir de leur base canadienne. M. Eggleton a précisé que ces filiales européennes constituaient une filière importante de transfert de compétences en gestion et de technologies au profit du Canada. (3:5)

La proportion d'obligations canadiennes de portefeuille détenues par des investisseurs de l'UE n'a pas changé de façon notable au cours des dix dernières années, même si les avoirs de l'UE ont triplé. En 1985, les investisseurs européens avaient en leur possession 23,7 p. 100 de toutes les obligations canadiennes de portefeuille détenues à l'étranger; en 1995, cette part avait enregistré une légère hausse pour s'établir à 24,1 p. 100. Cette relative stabilité s'explique par le fait que la valeur totale des obligations des gouvernements et des sociétés du Canada détenues à l'étranger a également triplé au cours de cette période -- passant de 111,9 milliards de dollars en 1985 à 329,8 milliards en 1995.

Les actions canadiennes de portefeuille semblent exercer peu d'attrait auprès des investisseurs européens. En réalité, comme l'indique le tableau 3.8, la valeur de ces actions a fléchi en termes absolus à la fin des années 80 et au début des années 90. En 1985, les investisseurs européens étaient titulaires de 12,6 p. 100 de toutes les actions canadiennes de portefeuille détenues à l'étranger. En 1995, cette proportion avait chuté à 4,6 p. 100.

L'une des caractéristiques importantes des liens entre le Canada et l'UE au chapitre des investissements réside dans leur répartition géographique à l'intérieur de l'Europe. À peu près la moitié de tous les investissements canadiens dans l'UE sont faits au R.-U., tandis que la moitié des investissements européens au Canada proviennent du R.-U. Jusqu'en 1993, le montant des investissements directs provenant du R.-U. dépassait celui des investissements directs provenant de tous les autres pays de l'UE. Cette situation a changé en 1994, lorsque le montant des investissements directs au Canada provenant du R.-U. (15,7 milliards de dollars) a été surclassé par celui des investissements provenant des autres pays de l'UE (16,0 milliards).

En 1995, les avoirs en obligations de portefeuille canadiennes détenus par des investisseurs britanniques, qui s'élevaient à 32,5 milliards de dollars, ont été dépassés par les 47,1 milliards détenus par des investisseurs des autres pays de l'UE. Les investisseurs britanniques semblent toutefois beaucoup plus enclins à investir dans des valeurs canadiennes à court terme que les autres investisseurs de l'UE. En 1995, les investisseurs britanniques avaient acheté pour 10 milliards de dollars d'effets du marché monétaire de portefeuille, émis pour la plupart par des gouvernements canadiens, tandis que les autres investisseurs de l'UE détenant 2,1 milliards de dollars de ces titres.

En 1995, pour la première fois, les Canadiens avaient effectué plus d'investissements directs dans d'autres pays de l'UE (14,1 milliards de dollars) qu'au R.-U. (13,8 milliards). Par contre, les Canadiens préféraient investir dans des obligations de portefeuille au R.-U. (3,5 milliards de dollars en 1995) que dans d'autres pays de l'UE (1,2

milliard). Les avoirs canadiens de portefeuille étaient plus susceptibles d'être constitués d'actions britanniques (4,9 milliards de dollars) que d'actions d'autres pays de l'UE (3,4 milliards).

E. Conclusion et recommandation

Le Comité estime qu'il faudrait pousser plus loin les recherches pour déterminer a) quelles sont les industries où le Canada voit sa part du marché de l'UE diminuer et b) celles où il voit sa part augmenter. Nous savons que Statistique Canada a effectué des études de ce genre en ce qui concerne l'évolution du commerce entre le Canada et les États-Unis²². Les résultats de ces études, qui ont été présentés au Comité par M. Jacob Ryten, statisticien en chef adjoint, indiquent notamment quelles industries manufacturières canadiennes ont amélioré leur position sur le marché américain et celles qui ont perdu du terrain.

Le Comité recommande que Statistique Canada entreprenne une étude sur la structure des échanges entre le Canada et l'Union européenne (UE), de manière à faire ressortir quels sont les secteurs du marché des importations de l'UE où le Canada perd des parts du marché et ceux où il en gagne. Cette étude indiquerait aussi comment les principaux concurrents du Canada se positionnent sur le marché des importations de l'UE. Elle servirait à produire des données sur les exportations canadiennes dans divers secteurs d'importation qui, combinées à des renseignements sur les barrières qui entravent le commerce avec l'UE par secteur, contribueraient peut-être à expliquer l'état des exportations du Canada à destination des marchés de l'UE. Cette étude permettrait également de raffiner la stratégie d'exportation du Canada vers le marché européen.

22 Statistique Canada. *Évolution du commerce : Canada-États-Unis, Les industries manufacturières, 1981-1991*, catalogue 65-504, publication hors-série.

IV. PRINCIPAUX SUJETS DE DISCORDE ENTRE LE CANADA ET L'UE

A. Introduction

Dans le chapitre précédent, nous avons donné une idée des échanges commerciaux bilatéraux entre le Canada et l'Union européenne – 52,1 milliards d'échanges de biens et de services et 64,1 milliards d'investissements directs. Vu l'importance de ces chiffres, il ne faut pas se surprendre de l'existence de quelques pommes de discorde. Le problème, c'est que ces différends semblent perdurer²³. Au demeurant, même lorsqu'un conflit, comme celui concernant les pêches, semble finalement résolu, il peut resurgir plus tard et compromettre les relations Canada-UE. Le différend relatif aux pêches illustre également la situation difficile dans laquelle le Canada se trouve lorsqu'il s'agit de traiter avec un bloc de pays, comme l'Union européenne, qui applique le principe de la solidarité. Un seul différend concernant surtout les intérêts d'un seul État membre, en l'occurrence l'Espagne, empoisonne automatiquement les relations avec l'ensemble de l'Union européenne. Comme on le verra plus loin, ce problème va vraisemblablement s'aggraver lorsque le nombre de membres de l'UE augmentera.

B. Conflit au sujet des pêches²⁴

Le 9 mars 1995, les autorités canadiennes ont arraisonné et saisi le bateau espagnol *Estai*, qui pêchait en eaux internationales au large des côtes de Terre-Neuve dans une zone où la pêche est réglementée par un accord international. Cet incident a provoqué le pire conflit de toute l'histoire des relations entre le Canada et l'UE. À l'époque, sir Leon Brittan (commissaire au commerce multilatéral et aux relations avec les pays industrialisés) avait déclaré que le conflit allait inévitablement avoir des répercussions bien en dehors du secteur de la pêche, puisque bon nombre de pays de l'UE ont été choqués du mépris du Canada à l'égard du droit international et de sa volonté apparente de recourir à la diplomatie de la canonnière.

23 Voir chapitre VII pour plus de détails sur le règlement des différends Canada-UE relativement à l'élargissement de l'Union.

24 Ce résumé ne décrit pas tous les facteurs en jeu dans le différend qui oppose le Canada et l'UE.

Selon lui, il est dans l'intérêt de ceux qui souhaitent faire progresser les relations entre le Canada et l'UE de bien comprendre que ce conflit aura pour effet de réduire pour l'instant l'enthousiasme des Européens quant à un éventuel resserrement des liens avec le Canada²⁵. Par ailleurs, quelques pays européens, dont l'Allemagne et le R.-U., ont dit comprendre le geste du Canada.

Depuis la fin des années 80, les relations entre le Canada et l'UE en matière de pêche se sont détériorées en raison de la surpêche. La surpêche pratiquée dans la zone réglementée par l'OPANO²⁶ a amené le Canada, en 1988, à commencer à interdire aux bateaux de pêche de la CE l'accès à ses eaux et à ses ports. En décembre 1992, après que la CE eut modifié sa politique et décidé de se plier aux décisions de l'OPANO relatives aux quotas, le Canada a négocié une entente sur les pêches sujette à ratification. Cette entente aurait notamment permis aux navires de pêche de l'UE d'avoir accès aux ports canadiens. Même si la CE a ratifié l'entente, le Canada ne lui a pas emboîté le pas en raison des constantes violations des mesures de conservation de l'OPANO par les navires de la CE.

En mai 1994, le Parlement canadien a adopté le projet de loi C-29, lequel modifiait la *Loi sur la protection des pêcheries côtières* afin de conférer au gouvernement du Canada «l'autorisation juridique de faire des règlements visant à conserver les stocks chevauchant la zone de 200 milles du Canada, qu'ils soient à l'intérieur de celle-ci ou dans des zones extérieures adjacentes»²⁷. Fait encore plus important, la loi autorisait le recours à la force, au besoin, pour arraisonner les navires contrevenant aux contingents établis par l'OPANO, à l'intérieur comme à l'extérieur de la zone de 200 milles²⁸. Le gouvernement avait précisé que c'étaient les bateaux sans nationalité et les navires battant un pavillon de

25 Sir Leon Brittan, *Discours*, Ottawa, 2 mai 1995.

26 L'Organisation des pêcheries de l'Atlantique Nord-Ouest (OPANO) est chargée de la réglementation de la pêche dans les eaux internationales de l'Atlantique.

27 Gouvernement du Canada, *Communiqué de presse*, «Surpêche étrangère : le Canada réplique», 10 mai 1994.

28 C'est cette disposition de la loi qui a amené l'UE à accuser le Canada de donner à sa législation une application extaterritoriale.

complaisance qui menaçaient le plus les stocks chevauchants, mais les autres navires, y compris les bateaux battant un pavillon de l'UE, n'étaient pas exemptés de l'application du projet de loi C-29.

L'incident de mars 1995 mettant en cause les Espagnols découlait d'un désaccord sur la quantité de flétan noir, ou turbot, capturé par les bateaux de l'UE à proximité des eaux canadiennes et sur le type de matériel utilisé pour le pêcher. En février 1995, l'OPANO avait alloué à l'UE 3 400 des 27 000 tonnes de prises admissibles de turbot. L'UE a invoqué la procédure d'objection de l'OPANO pour fixer unilatéralement ce quota à 18 630 tonnes. Après le rejet, par le Conseil de l'Union européenne, d'un moratoire de 60 jours sur la pêche au turbot proposé antérieurement par le premier ministre Jean Chrétien, le Canada a saisi le bateau de pêche espagnol *Estai*. Le 26 mars 1995, les filets d'un autre bateau de pêche espagnol, le *Pescamaro Uno*, ont été coupés par la Garde côtière canadienne après que celui-ci eut refusé de se retirer de la zone jusqu'à la conclusion des négociations en cours sur la question des quotas de pêche.

Le 15 avril 1995, le Canada et l'UE ont conclu une entente pour la conservation et la gestion des stocks de poisson qui chevauchent la limite des 200 milles marins des eaux canadiennes. L'entente prévoit une surveillance et des inspections accrues, la vérification des agrès et des prises, de nouvelles limites minimales quant à la taille des prises et le volume des prises. Elle autorisait l'UE à pêcher 5 013 tonnes de turbot entre la mi-avril 1995 et la fin de l'année. En septembre 1995, l'OPANO a établi des quotas de turbot conformes à l'entente conclue en avril entre le Canada et l'UE.

Au printemps de 1996, plus d'un an après que les deux parties se sont entendues sur les quotas de pêche, les relations entre le Canada et l'UE semblent se normaliser. Cependant, le Comité s'est fait dire à maintes reprises par des fonctionnaires en poste en Europe qu'il y avait encore des relents de rancœur dans certains pays européens. Effectivement, le conflit du turbot avait temporairement retardé le début des négociations sur

un plan d'action Canada-UE²⁹. En outre, le refus du Canada d'entériner l'entente sujette à ratification de 1992 demeure encore une source de contrariété pour l'UE. Le 31 mai 1996, le gouvernement du Canada a annoncé qu'il ouvrait ses ports aux navires européens, répondant ainsi en partie aux doléances de l'UE. La décision du Canada semblait ouvrir la voie à la ratification du plan d'action Canada-EU. Toutefois, comme on l'explique au chapitre X, le ressentiment suscité par les actions prises par le Canada à l'égard des navires de pêche espagnols en mars 1995 retarde indéfiniment la concrétisation du plan d'action.

C. Étiquetage du pétoncle

En mars 1993, le gouvernement français a adopté un nouveau règlement sur l'étiquetage du pétoncle, qui restreint l'utilisation de l'appellation «coquille Saint-Jacques» ou «Noix de coquille Saint-Jacques» aux pétoncles du genre *pecten*. Le pétoncle canadien, qui est du genre *placopecten* et qui pouvait jusque-là être appelé Saint-Jacques, devait se contenter de l'appellation moins prestigieuse de «pétoncle». Pour le consommateur français, la coquille Saint-Jacques est un gros pétoncle de qualité supérieure, alors que le «pétoncle», plus petit et de moindre qualité, commande un prix moins élevé.

Après les consultations du GATT en décembre 1993, la France a accepté de modifier son règlement afin de permettre que le pétoncle canadien puisse être vendu sous l'appellation Saint-Jacques suivie du nom scientifique entre parenthèses, et ce, jusqu'à la fin de 1995. Par la suite, la France a de nouveau modifié son règlement pour exiger que l'étiquette du pétoncle d'un genre autre que le *pecten* comprenne l'appellation «pétoncle» à compter de janvier 1995 et pour interdire l'utilisation de l'appellation Saint-Jacques à partir de janvier 1996. Des consultations ont eu lieu en juin 1995 à l'OMC, et un groupe de règlement des différends a été créé en juillet. Le groupe s'est réuni en octobre et en décembre 1995, puis en février 1996. Les discussions se sont poursuivies par la suite entre le Canada et l'UE.

29 Voir plus loin la partie sur le dialogue transatlantique.

Le 25 juin 1996, le gouvernement canadien a annoncé que le Canada et l'Union européenne avaient conclu une entente au sujet de l'étiquetage des pétoncles canadiens exportés en France. Aux termes de cette entente, les pétoncles canadiens, de même que les autres pétoncles vendus en France, ont maintenant droit à l'appellation Saint-Jacques, en sus du nom spécifique de l'espèce.

D. Interdiction de l'UE visant l'importation de fourrures

En 1991, la Communauté européenne a approuvé un règlement qui, à compter du 1^{er} janvier 1995, aurait interdit l'utilisation de pièges à mâchoires dans les États membres. Le règlement exigeait aussi que, pour chacune des 13 espèces animales énumérées dans le texte, les pays qui exportent des fourrures vers l'UE interdisent eux aussi ces pièges ou commencent à appliquer des normes de piégeage non cruel à compter du 1^{er} janvier 1995. Mais il n'existe pas, à l'heure actuelle, de normes internationales acceptées en matière de piégeage non cruel. Par la suite, la Communauté européenne a changé l'interprétation du règlement afin d'interdire complètement l'utilisation de pièges à mâchoires. En juin 1994, on a reporté au 1^{er} janvier 1996 la date d'application de l'interdiction à l'égard des importations provenant de pays ne satisfaisant pas à ce règlement.

Le Canada s'est inquiété des répercussions de l'interdiction de l'UE sur son industrie de la fourrure. La valeur annuelle des fourrures d'animaux sauvages brutes s'élève à quelque 25 millions de dollars³⁰, et la subsistance de bon nombre de communautés autochtones dépend de cette industrie. Si l'on tient compte de la valeur ajoutée par les fabricants de vêtements, l'industrie de la fourrure rapporte des centaines de millions de dollars à l'économie canadienne et emploie plus de 100 000 personnes.

Le premier ministre Chrétien a soulevé la question auprès des dirigeants européens, et ses ministres ont également expliqué à leurs homologues de l'UE la position du

30 Source: Ministère des Affaires étrangères et du Commerce international.

Canada à ce chapitre; on a demandé à l'UE de retarder l'application de l'interdiction jusqu'à ce que des normes de piégeage non cruel soient adoptées à l'échelle internationale. Le Canada a clairement indiqué que, si aucune solution acceptable ne pouvait être négociée, il allait déposer une plainte auprès de l'OMC.

Le 22 novembre 1995, la Commission de l'UE a proposé de reporter au 1^{er} janvier 1997 l'interdiction visant les importations. Le Parlement européen s'est toutefois opposé à l'idée d'un report. En janvier 1996, le gouvernement néerlandais a imposé unilatéralement une interdiction sur l'importation de toute fourrure provenant d'animaux capturés dans des pièges à mâchoires.

Le Comité s'est fait dire par Ken Collins (président de la Commission de l'environnement au Parlement européen) que le Parlement n'était pas satisfait de la façon dont la Commission avait traité la question de l'importation de fourrures. Selon M. Collins, une nouvelle loi interdisant l'importation de fourrures provenant d'animaux capturés dans des pièges à mâchoires sera présentée et devrait être adoptée pendant la présidence de l'Irlande, c'est-à-dire entre le 1^{er} juillet et le 31 décembre 1996.

E. Nématode du pin

Depuis juillet 1993, selon les règlements sur l'importation des végétaux de l'UE, toutes les importations de bois de conifère du Canada (exception faite du cèdre) doivent porter une attestation selon laquelle le bois a été séché au séchoir ou traité à la chaleur. Cette réglementation vise à empêcher l'introduction en Europe du ver *Monochamus* par le bois canadien. Conformément aux règles de l'OMC, en juillet 1995, la Commission de l'UE a présenté une évaluation des risques parasitaires. Après examen de cette évaluation, un comité de scientifiques établi par le Canada a conclu que le rapport avait surestimé le risque d'introduction dans les pays de l'UE du nématode du pin. L'évaluation ne comportait pas non plus d'analyse des répercussions économiques, et le gouvernement canadien affirme qu'on y

retrouvait des incohérences par rapport à d'autres points qui avaient auparavant fait l'objet d'un accord dans un rapport technique Canada-UE-É.-U. de 1993.

Le Canada a proposé d'adopter un programme d'inspection visuelle plus poussé pour s'assurer qu'il n'y a pas de nématode du pin dans le bois d'oeuvre canadien exporté. Des représentants canadiens doivent faire une présentation du programme d'inspection visuelle à l'intention du Comité de la santé des végétaux, à Bruxelles, à la mi-juin 1996. L'enjeu, ici, ce sont les 300 millions de dollars d'exportations annuelles de bois d'oeuvre canadien auxquelles l'UE refuse l'accès depuis trois ans.

F. Appellations géographiques pour les vins et les spiritueux

Dans l'Accord de l'Uruguay Round relatif aux aspects des droits de propriété intellectuelle qui touchent au commerce, l'UE a réussi à faire inscrire les «appellations géographiques» à l'ordre du jour des négociations commerciales multilatérales. Elle n'a toutefois pas réussi à convaincre certains pays de l'extérieur, comme le Canada, d'exiger de leurs producteurs vinicoles qu'ils cessent d'utiliser certaines dénominations de produits originaires de l'UE, particulièrement celles de «champagne», «porto» et «xérès».

Pour amener les pays non membres à se plier à cette exigence, l'UE a entamé des négociations bilatérales avec d'autres nations vinicoles, comme l'Australie, la Hongrie, le Chili et l'Argentine. En échange d'une protection des appellations d'origine de l'Union européenne, ces pays se sont vu offrir l'accès au marché de l'UE. Pour sa part, le Canada aimerait que l'UE assure au whisky canadien une protection contre la contrefaçon de marque, mais il croit que les deux questions devraient faire l'objet de négociations distinctes. Il estime avoir respecté ses obligations aux termes de l'accord relatif aux aspects des droits de propriété intellectuelle qui touchent au commerce en modifiant, récemment, sa *Loi sur les marques de commerce*.

V. UNION ÉCONOMIQUE ET MONÉTAIRE

A. Introduction

En juillet 1990, l'Union européenne a amorcé la première phase d'un plan en trois étapes visant à instituer une monnaie unique et une politique monétaire commune dans toute l'Union. On n'ignore pas que l'Union économique et monétaire (UEM) confèrera des avantages économiques et imposera aussi des coûts aux États membres. On connaît cependant beaucoup moins les répercussions de l'UEM sur les pays de l'extérieur comme le Canada. La présente section de notre rapport donne un aperçu des origines et des principaux éléments du projet d'UEM. Apparemment, l'échéance de 1999 pour le début de la troisième phase de l'UEM ne sera peut-être pas respectée, mais les dirigeants de l'Allemagne et de la France sont bien déterminés à concrétiser l'union monétaire en Europe. Nous estimons que le gouvernement du Canada doit être au fait des conséquences potentielles de l'UEM sur le cours du dollar canadien, sur les flux des échanges et des investissements entre le Canada et l'UE et sur l'équilibre des forces au sein des grandes tribunes internationales de coordination des politiques économiques comme le G-7.

B. Le rapport Werner

L'idée d'une coopération monétaire européenne n'est pas nouvelle. L'Union européenne de paiements (UEP) a été créée en 1950 afin de servir de système de compensation pour les transactions internationales entre pays membres³¹. En 1969, au sommet de La Haye, les membres de la CE ont fait les premiers pas vers une union économique et monétaire. C'est à ce moment que l'examen de la question est confié à un groupe d'experts dirigé par M. Pierre Werner, premier ministre du Luxembourg, qui doit formuler des recommandations. Le rapport Werner, publié en 1970, présente un plan en trois étapes pour que les six membres de

31 L'UEP permettrait à ses membres d'utiliser leurs créances à l'endroit de certains partenaires commerciaux afin d'éponger des dettes envers d'autres pays, de façon à économiser leurs maigres réserves de devises. L'UEP a réussi à alléger la pénurie de dollars et a permis aux membres de libéraliser plus rapidement leurs échanges commerciaux. Le système de paiement a été démantelé en 1958 quand un certain nombre de pays membres ont annoncé qu'ils rendaient leur monnaie convertible.

la CE forment une union économique et monétaire au plus tard en 1980. En mars 1971, le Conseil des ministres de la CE approuve le plan dont la mise en oeuvre commence un an plus tard.

La première étape du plan prévoit l'introduction d'un système de taux de change quasiment fixes, en vertu duquel les fluctuations entre deux monnaies seront contenues dans une marge de $\pm 2,25$ p. 100. Si la monnaie de l'un ou l'autre pays atteint la limite de la marge de fluctuation, la banque centrale du pays concerné est censée intervenir³². Les devises commencent à se détacher du système de parité européen quand, en 1973, on laisse flotter le dollar américain, de sorte que le «serpent» subit de grandes fluctuations par rapport au dollar³³. Bien que certaines recommandations du rapport Werner aient été mises en oeuvre, par exemple la création du Fonds européen de coopération monétaire conçu pour protéger les devises faibles, on a renoncé au vaste programme d'union économique et monétaire proposé dans le document.

C. Le système monétaire européen

En 1978, au sommet de Brême, en Allemagne, les dirigeants de la CE appuient un plan proposé par le président français, Valéry Giscard d'Estaing, et le chancelier allemand, Helmut Schmidt, visant la création d'une «zone de stabilité monétaire» en Europe. L'objectif de Schmidt est d'éviter que le mark ne s'apprécie trop par rapport aux devises de ses principaux partenaires commerciaux³⁴. En principe, le gouvernement français préconise des taux de change fixes, mais constate que l'ancien système du «serpent» avait été dominé par l'Allemagne par le biais de la Bundesbank. La France estime qu'une nouvelle entente

32 Ce système, connu sous le nom du «serpent dans le tunnel», permettait que les taux de change des pays de la CE fluctuent les uns par rapport aux autres dans une marge assez étroite de $\pm 2,25$ p. 100 (le serpent) et qu'ils fluctuent ensemble par rapport au dollar américain dans une marge plus large de $\pm 4,5$ p. 100 (le tunnel), établie lors de l'accord de Washington de 1971.

33 La flambée des prix du pétrole en 1973 a également contribué à ébranler le «serpent». La hausse s'est répercutée sur tout le système, jusqu'à influencer sur les taux d'inflation et de chômage dans les différentes économies nationales.

34 Le gouvernement Carter n'a pas réussi à maîtriser l'inflation qui affaiblissait le dollar américain et provoquait une «fuite vers la qualité». Le résultat fut l'appréciation du mark par rapport non seulement au dollar mais aussi aux devises européennes.

monétaire coiffée par les institutions de la CE résoudra le problème d'asymétrie puisqu'elle lui permettra d'influer davantage sur la politique des taux de change.

Brève chronologie de l'UEM

Octobre 1970 -	Rapport du comité Werner
Mars 1971 -	Le Conseil appuie l'achèvement de l'union économique et monétaire au plus tard en 1980.
Mars 1972 -	Le «serpent» européen est créé, fixant une marge étroite pour les taux de change bilatéraux dans la CE.
Avril 1973 -	Le Fonds européen de coopération monétaire est créé.
Juillet 1978 -	À la réunion de Brème, le Conseil européen appuie le plan créant le Système monétaire européen.
Mars 1979 -	Le Système monétaire européen entre en vigueur.
Février 1986 -	Signature de l'Acte unique européen visant l'achèvement d'un marché intérieur au plus tard en 1992.
Juin 1988 -	À la réunion de Hanovre, le Conseil européen crée le comité Delors.
Avril 1989 -	Le comité Delors publie son rapport sur l'UEM.
Juin 1989 -	À la réunion de Madrid, le Conseil européen convient que la première étape de l'UEM commencera le 1er juillet 1990.
Décembre 1989 -	À la réunion de Strasbourg, le Conseil européen réclame une conférence intergouvernementale pour définir les étapes suivantes.
Juillet 1990 -	La première étape de l'UEM est amorcée.
Octobre 1990 -	À la réunion de Rome, le Conseil européen, exception faite du R.-U., convient que la deuxième étape commencera le 1er janvier 1994.
Décembre 1990 -	Début des conférences intergouvernementales sur l'UEM et l'union politique.
Décembre 1991 -	À la réunion de Maastricht, le Conseil européen adopte le Traité sur l'Union européenne.
Juin 1992 -	Le premier référendum danois rejette le traité de Maastricht.
Septembre 1992 -	La Grande-Bretagne et l'Italie se retirent du Système monétaire européen; le référendum français approuve le traité de Maastricht.
Mai 1993 -	Le deuxième référendum danois approuve le traité de Maastricht.
Août 1993 -	La marge de fluctuation du Système monétaire européen est élargie, passant de $\pm 2,25$ p. 100 à ± 15 p. 100.
Novembre 1993 -	Le traité de Maastricht entre en vigueur.
Janvier 1994 -	La deuxième étape de l'UEM débute avec la création de l'Institut monétaire européen ³⁵ .

Adopté en mars 1979, le nouveau régime, baptisé le Système monétaire européen (SME), reprend certains des éléments du système du «serpent». L'élément clé du SME est le mécanisme de change en vertu duquel chaque membre est tenu de respecter, entre

35 Peter Kenen, *Economic and Monetary Union in Europe: Moving beyond Maastricht*, Cambridge University Press, 1995, Cambridge, R.-U., p. 4.

sa monnaie et les autres devises, des marges de fluctuations ne dépassant pas $\pm 2,25$ par rapport au cours pivot. Ainsi, l'écart entre deux monnaies peut atteindre 4,5 p. 100. Quand la devise d'un pays s'approche de la limite supérieure ou inférieure, les deux gouvernements concernés doivent intervenir sur les marchés de change.

Une autre caractéristique du SME est la création de l'écu (mot qui reprend les initiales de l'appellation anglaise «European Currency Unit») qui est un panier des monnaies de la CE où le poids de chacune est fonction de la force économique du pays. L'écu devait assumer une fonction essentielle au sein du SME. L'écu n'a pas atteint le statut souhaité en tant qu'actif de réserve, mais il est devenu une unité de compte importante sur les marchés financiers privés. Les gouvernements, les institutions de la CE et les sociétés émettent fréquemment des titres libellés en écus, les banques détiennent des dépôts en écus et les créances libellées en écus peuvent être réglées par l'intermédiaire d'un système international de compensation.

Quand le SME a été créé en 1979, tous les membres de la CE de l'époque y ont adhéré³⁶. Cependant, la Grande-Bretagne n'a pas voulu tout de suite participer au mécanisme de change, présage de ce qui allait se produire à Maastricht 12 ans plus tard. Les autorités britanniques estimaient en effet qu'un taux de change fixe nuirait à l'indépendance de la politique monétaire nationale et compromettrait le rôle de la livre en tant que pétro-monnaie et devise de commerce internationale³⁷. Cependant, en octobre 1990, la livre anglaise s'est ajoutée au mécanisme de change, bien qu'avec une marge de fluctuation plus large, de ± 6 p. 100. Au cours des 14 années d'existence du mécanisme de change, il a fallu procéder à 19 réalignements des devises, la plupart peu après la création du mécanisme. Effectivement, il n'y a pas eu de réalignement entre janvier 1987 et le milieu de 1992. En septembre 1992, les

36 L'Italie y a adhéré dès le début, mais la marge de fluctuation de la lire était de ± 6 p. 100.

37 Horst Ungerer *et al.*, *The European Monetary System: Developments and Perspectives*, Cahier hors-série n° 73 du FMI, Washington (D.C.), novembre 1990, p. 4.

taux d'intérêt élevés en Allemagne ont exercé des pressions sur les devises plus faibles, forçant la lire italienne et la livre anglaise à se retirer du mécanisme de change³⁸.

Avant l'automne 1992, le mécanisme de change fonctionnait donc remarquablement bien, se transformant graduellement en système de taux de change fixes. Cependant, il devenait peu à peu, en fait, une zone du mark où la Bundesbank établissait la politique monétaire pour tous les pays membres. En fixant leur taux de change par rapport au mark, les autres pays européens étaient censés pouvoir faire auprès de la Bundesbank «un emprunt de crédibilité» leur permettant de réduire l'inflation nationale ainsi que les taux d'intérêt. Toutefois, les participants n'étaient pas tous enchantés de la nature asymétrique de la parité fixe. On s'est rendu compte que la seule façon, pour la plupart des pays, de reprendre en main dans une certaine mesure leur propre politique monétaire, tout en conservant le système des taux de change fixes, était de créer une banque centrale européenne indépendante. Dans son rapport annuel de 1991, la Banque de France a résumé ainsi la situation : «Seule la gestion collective d'une devise unique au sein d'une institution équilibrée et indépendante permettra à la France de participer pleinement au processus européen de décision sur les questions monétaires et constituera la meilleure garantie de l'exercice de la souveraineté monétaire nationale³⁹».

Certains, notamment la Commission de la CE, ont affirmé que pour profiter pleinement des avantages du marché unique, il fallait supprimer les risques liés aux taux de change et les coûts de transactions⁴⁰. Il était également à craindre que l'élimination du contrôle des capitaux dans le cadre du marché unique permette que les mouvements de capitaux mus par la spéculation ne déstabilisent le système de parités quasiment fixes du

38 Un autre facteur qui a contribué à déclencher la crise monétaire de septembre 1992 est l'érosion de l'appui accordé au traité de Maastricht. En effet, en juin 1992, le Danemark a rejeté le traité lors d'un référendum; des sondages d'opinion réalisés par la suite ont montré un affaiblissement de l'appui dont jouissait le traité auprès du public français. (Peter Kenen, *Economic and Monetary Union in Europe: Moving beyond Maastricht*, Cambridge University Press, 1995, p. 159)

39 Wilhelm Nölling, *Monetary Policy in Europe after Maastricht*, St Martin's Press, New York, 1993, p. 127.

40 Michael Emerson *et al.*, *One Market, One Money, An Evaluation of the Potential Benefits and Costs of Forming an Economic and Monetary Union*, Oxford University Press, 1992.

mécanisme de change ou n'influent sur la politique monétaire nationale. Le libre-échange, l'entière mobilité des capitaux, les taux de change fixes et les politiques monétaires indépendantes formaient le dénommé «quatuor incohérent» d'objectifs d'intérêt public. «À long terme, la seule façon de surmonter l'incohérence est de créer une union monétaire en complément du marché intérieur⁴¹».

D. Le rapport Delors

Le processus de création d'une union économique et monétaire était dès lors en marche. En juin 1988, les dirigeants européens ont demandé la mise sur pied, sous la houlette du président de la Commission européenne, M. Jacques Delors, d'une équipe de spécialistes chargée d'étudier des façons de réaliser l'Union économique et monétaire (UEM). Le rapport Delors, présenté au sommet de Madrid en juin 1989, proposait un plan détaillé pour la réalisation de cet objectif. Au sommet, il fut décidé que la première phase de l'UEM commencerait en juillet 1990. En novembre 1990, le comité des gouverneurs des banques centrales a rédigé le projet de statuts pour la future Banque centrale européenne.

Lorsque les dirigeants européens se sont réunis à Maastricht, aux Pays-Bas, en décembre 1991, le plan proposé dans le rapport Delors et modifié au moment de la conférence intergouvernementale sur l'UEM a été intégré au Traité sur l'Union européenne.

La première phase du plan prévoyait qu'à partir du 1^{er} juillet 1990 les pays membres a) supprimeraient les derniers contrôles sur les transactions monétaires et les mouvements de capitaux, b) resserreraient la coordination de leurs politiques économiques et budgétaires et c) favoriseraient une plus grande coopération entre les banques centrales d'Europe.

41 T. Padoa-Schioppa, «The European Monetary System: A Long Term View» dans Giavazzi, Micossi et Miller, (sous la direction de), *The European Monetary System*, Cambridge University Press, Cambridge, 1988, p. 376.

La deuxième phase de l'UEM a commencé le 1^{er} janvier 1994 avec la création de l'Institut monétaire européen (IME) à Francfort, en Allemagne. L'IME a trois objectifs principaux : 1) renforcer la coordination des politiques monétaires afin d'assurer la stabilité des prix; 2) préparer la création d'un système européen de banques centrales responsable de l'application d'une politique monétaire unique et de la création d'une monnaie unique; 3) surveiller l'évolution de l'écu et le bon fonctionnement du système de compensation.

Une autre fonction importante de l'IME est de donner son avis sur les pays qui répondent aux exigences d'admissibilité à l'UEM - c'est-à-dire les «critères de convergence» - touchant la dette gouvernementale, les déficits budgétaires, l'inflation, les taux d'intérêt et la stabilité du taux de change. Il n'incombe pas à l'IME de décider quels pays répondent aux critères (cela se fera lors d'une rencontre au sommet des dirigeants des États membres en 1998), mais il prépare, avec le concours de la Commission, des rapports d'état périodiques sur ces critères.

La troisième phase de l'UEM doit débiter le 1^{er} janvier 1999 au plus tard. Le traité de Maastricht prévoit que l'UEM peut commencer plus tôt si une majorité des pays répondent aux critères de convergence et si le Conseil européen décide qu'ils peuvent aller de l'avant. Si, à la fin de 1997, la date du début de la troisième phase n'a pas été modifiée, celle-ci commencera le 1^{er} janvier 1999⁴². À cette date, les taux de change des pays participants seront irrévocablement fixés à des taux de conversion convenus et l'euro sera la devise utilisée pour régler les opérations interbancaires. Au même moment, la Banque centrale européenne (BCE) commencera à diriger la politique monétaire pour les membres de l'UEM. En l'an 2002, l'euro sera émis sous forme de billets de banque, pour utilisation générale.

42 The Madrid EU leaders' summit in December 1995 confirmed that 1 January 1999 will be the start date for Stage 3 of EMU.

E. Les critères de convergence de l'UEM

Le traité de Maastricht établit cinq critères principaux que les États membres doivent respecter afin de participer à la troisième phase de l'UEM. Ces critères touchent la stabilité des prix, les déficits gouvernementaux, la dette publique, les taux d'intérêt et les taux de change. Selon M. John Murray (chef des Relations internationales à la Banque du Canada), ces critères ont un double objectif : «D'une part, ils représentent une forme d'initiation, une preuve que les membres sont sérieux dans leur engagement et qu'ils sont dignes de faire partie de l'union. C'est un peu comme l'admission au sein d'une fraternité - en d'autres mots, il faut prouver sa valeur et sa détermination».(31:12)

Il y a un deuxième objectif, plus important : «faire en sorte que les économies soient alignées le plus possible les unes sur les autres - du moins, au début de l'union - et, par conséquent, en mesure d'assurer à l'union un bon décollage - encore une fois, dans la mesure du possible. Ces critères visent en réalité à abolir les déséquilibres et les tensions macro-économiques entre membres éventuels».(31:12)

1. Stabilité des prix

Pour qu'un État puisse participer à la dernière phase de l'UEM, son taux d'inflation moyen ne peut pas, au cours de l'année précédant l'union, dépasser de plus de 1,5 point de pourcentage la moyenne des taux des trois États ayant la plus faible inflation.

2. Taux d'intérêt

Le taux d'intérêt à long terme d'un État membre ne peut dépasser de plus de 2 points de pourcentage ceux des trois États membres ayant les meilleurs résultats sur le plan de la stabilité des prix.

3. Déficits publics

Au moment de l'examen, le déficit public général de l'État membre (qui regroupe les déficits de tous les ordres de gouvernement) ne peut pas dépasser 3 p. 100 du PIB. Ce critère sera cependant appliqué avec une certaine souplesse. Un déficit supérieur à 3 p. 100 ne sera pas nécessairement considéré excessif si ce rapport a diminué «de façon substantielle et constante» et a atteint un niveau proche du niveau de référence. De la même façon, un taux supérieur à 3 p. 100 ne sera pas jugé excessif s'il est «exceptionnel et temporaire».

4. Dettes publiques

Au moment de l'examen, la dette publique générale de l'État membre ne doit pas dépasser 60 p. 100 du PIB. Encore une fois, un taux supérieur pourra être jugé acceptable s'il diminue et se rapproche de la valeur de référence (60 p. 100) à un rythme satisfaisant.

5. Taux de change

Un État membre ne peut passer à la dernière phase de l'Union économique et monétaire si, au cours des deux années précédant l'examen, son taux de change a débordé de la marge de fluctuation établie par le Système monétaire européen ou a subi de graves tensions⁴³.

F. Répondre aux critères de convergence

Le traité porte que si, à la fin de 1997, une autre date n'a pas été choisie, la troisième phase commencera le 1^{er} janvier 1999⁴⁴. Le sommet de Madrid qui a réuni les dirigeants de l'UE en décembre 1995 a confirmé que la troisième phase de l'UEM

43 En août 1993, la marge de fluctuation du mécanisme de change a été élargie, passant de $\pm 2,25$ p. 100 à ± 15 p. 100. On se pose maintenant la question de savoir si les candidats à l'Union économique et monétaire doivent respecter l'étroite marge de fluctuation établie par le mécanisme de change ou s'ils peuvent se contenter de respecter la nouvelle marge, plus large.

44 *Traité instituant la Communauté européenne*, Titre VI, Chapitre 4, article 109.

commencerait effectivement le 1^{er} janvier 1999. Avant le 1^{er} juillet 1998, les chefs d'État ou de gouvernement décideront, à la majorité qualifiée, quels États membres remplissent les conditions nécessaires pour accéder à la phase finale de l'UEM. Cela veut dire que la décision reposera sur les données économiques de 1997. Les avis divergent sur le nombre des pays qui rempliront les conditions requises à ce moment-là.

Dans le dernier numéro de *Perspectives de l'économie mondiale*, le FMI prédit que, si les conditions sont appliquées à la lettre, la plupart des pays européens, dont la France et l'Allemagne, ne rempliront pas celle qui les force à ramener le déficit à 3 p. 100 du PIB en 1997. Par ailleurs, les plus récentes prévisions économiques de l'OCDE, parues le 21 mai 1996, montrent elles aussi que la France et l'Allemagne ne rempliront pas les conditions de Maastricht relativement au rapport du déficit au PIB. (Cependant, les prévisions de l'OCDE ne tiennent pas compte des plus récents projets de réduction des dépenses de ces deux pays.) Il reste que si le FMI et l'OCDE ne se trompent pas, l'UEM ne sera pas réalisée selon le calendrier prévu⁴⁵.

La Commission européenne est plus optimiste. À en juger par son rapport paru le 15 mai 1996, sept États membres pourraient remplir les conditions relatives au ratio du déficit au PIB en 1997. Les auteurs du rapport admettent que la croissance économique dans la Communauté a ralenti vers la fin de 1995 et que le taux de chômage a commencé à monter en novembre 1995. La Commission prédit cependant que l'activité économique va reprendre durant la deuxième moitié de 1996 et qu'elle va progressivement se raffermir en 1997.

En se fondant sur ces prévisions et sur les mesures déjà adoptées ou annoncées par les gouvernements nationaux, la Commission prévoit que seuls le Danemark, l'Irlande et le Luxembourg afficheront un déficit budgétaire inférieur à 3 p. 100 du PIB en 1996, comme ils l'ont fait en 1995 (voir le tableau 5.1). Par la suite, la Commission s'attend que les déficits

45 Selon des porte-parole de la Bundesbank, l'Union économique et monétaire ne démarrera pas sans la participation de la France et de l'Allemagne.

budgetaires vont diminuer dans tous les pays membres sauf deux : l'Allemagne (où le déficit pourrait être proche de 4 p. 100 du PIB) et les Pays-Bas (où il pourrait se chiffrer à 3,5 p. 100 du PIB). On s'attend que, en 1997, l'Allemagne, la France, les Pays-Bas et la Finlande viendront s'ajouter aux trois pays dont le déficit est inférieur à 3 p. 100 du PIB.

Comme le montre le tableau 5.1, la plupart des pays dont on s'attend qu'ils respecteront l'objectif de 3 p. 100 du PIB pour le déficit (à l'exception possible des Pays-Bas) devraient aussi atteindre l'objectif relatif à la dette publique (60 p. 100 du PIB) ou s'en approcher. Pour ce qui est des autres critères de convergence (taux d'inflation, taux de change et taux d'intérêt), tous les pays qui répondront aux conditions relatives au déficit budgétaire respecteront aussi ces critères. La Finlande seule fait exception : elle ne remplira pas les conditions de taux de change, car elle n'est pas membre du MCE.

Il ne faut pas sous-estimer les difficultés que présente, sur le plan politique, le respect des critères de l'UEM en matière budgétaire. En effet, le taux de chômage de l'Allemagne s'élevait à 10,4 p. 100 en avril 1996, tandis que celui de la France atteignait 11,9 p. 100 en mars. De nouvelles mesures d'austérité entraîneraient une contraction de l'économie et pourraient donc exacerber ces taux de chômage déjà passablement élevés. Les compressions des dépenses nécessaires pour remplir les conditions de Maastricht ont provoqué des grèves et des émeutes en France en décembre 1995, et l'on observe en Allemagne des signes d'agitation des milieux syndicaux à la suite des mesures budgétaires du gouvernement. Le professeur Detlev Karsten (de l'Université de Bonn) a dit au Comité qu'il pensait que l'UEM serait probablement différée du fait que les taux de chômage élevés appellent une politique budgétaire expansionniste et non une politique de contraction budgétaire.

L'instauration de l'UEM dépendra de la rigueur avec laquelle on interprétera les critères de convergence. Comme on l'a déjà dit, le traité de Maastricht prévoit une certaine latitude dans l'appréciation des déficits et dettes excessifs. Plus précisément, une disposition du Traité permet des déficits de plus de 3 p. 100 à la condition que l'excédent des dépenses

présente un caractère «exceptionnel et temporaire». Le FMI est d'avis qu'il faut interpréter cette disposition comme permettant des variations cycliques des déficits. Autrement dit, le plafond de 3 p. 100 ne s'appliquerait qu'au déficit corrigé des variations cycliques, ou déficit structurel. D'après les calculs du FMI, tous les pays de l'UE sauf la Grèce et l'Italie rempliront les conditions requises si l'on s'en tient au déficit structurel⁴⁶.

46 «Economic and Monetary Union: How to shift the goal-posts», *The Economist*, 20 avril 1996.

Tableau 5.1

Possibilités d'une décision en 1998 prévoyant le début de l'UEM en 1999 - (Pronostic non officiel fondé sur des prévisions)
 Les chiffres en gras et en italique signifient que, d'après les prévisions, le pays répondra au critère le 1^{er} janvier 1999
 (Les dirigeants de l'UE prendront une décision en 1998 au sujet de l'UEM)
 (Données mises à jour au 20 mai 1996)

Critère	Déficits		Dette		Inflation		Taux de change		Taux d'intérêt à long terme	
	Solde gouvernemental total (Ratio du déficit au PIB de moins de 3%)	Ratio du solde de l'État au PIB en 1996	Ratio de la dette au PIB en 1996	Ratio de la dette au PIB en 1997	Taux d'inflation dépassant de moins de 1,5 % le taux moyen dans les 3 États membres ayant obtenu les meilleurs résultats Critère prévu pour 1998 : 3,1 % 4,3	Taux d'inflation (IPC) en 1996	Partie du MCE pendant deux ans sans dévaluation	Situation vis-à-vis du MCE en 1996	Les taux d'intérêt à long terme dépassent de moins de 200 points de base le taux moyen des 3 États membres ayant eu les meilleurs résultats Critère prévu pour 1998 : 7,7 % ⁴	Taux d'intérêt à long terme en 1995 (moyenne annuelle selon l'IME)
Belgique	-3,2	-3,7	132,2	130,6	2,0	1,8		<i>Membre du MCE²</i>	7,5	
Danemark	-0,9	-0,6	71,0	68,7	1,8	2,4		<i>Membre du MCE</i>	8,3	
Allemagne	-3,9	-2,9	61,5	62,4	1,6	1,6		<i>Membre du MCE</i>	6,8	
Grèce	-8,1	-6,9	111,8	111,4	8,3	7,0		Non-membre	17,3	
Espagne	-4,8	-3,7	67,8	68,0	3,6	3,2		<i>Dévaluation du taux du MCE en mars 1995</i>	11,3	
France	-4,2	-3,0	56,1	57,3	1,8	1,6		<i>Membre du MCE</i>	7,5	
Irlande	-2,0	-1,6	81,3	77,3 ¹	2,3	2,4		<i>Membre du MCE</i>	8,3	
Italie	-6,3	-5,2	124,5	122,8	4,1	3,5		Non-membre	12,2	
Luxembourg	0,7	0,3	6,2	6,8	1,7	2,1		<i>Membre du MCE²</i>	7,6	
Pays-Bas	-3,5	-2,9	79,4	78,7	1,9	2,0		<i>Membre du MCE</i>	6,9	
Autriche	-4,6	-3,1	72,4	73,9	2,1	1,6		<i>Membre du MCE</i>	7,1	
Portugal	-4,4	-3,7	72,2	71,8	3,1	3,0		<i>Dévaluation du taux du MCE en mars 1995</i>	11,5	
Finlande	-3,3	-1,6	6,5	63,2	1,0	1,5		Non-membre	8,8	
Suède	-5,2	-3,1	80,8	79,6	1,7	2,5		Non-membre	0,2	
R.-U.	-4,4	-3,7	55,5	56,2	2,7	2,5		Non-membre	8,3	
UE (15)	-4,4	-3,4	73,9	74,3	2,6	2,4				
Canada	-3,1	-2,0 ⁶	97,3	95,7 ⁷	1,4	1,7 ⁸			8,4 ⁹	

1. L'Irlande est dispensée du critère relatif à l'endettement aux termes de l'art. 104(2)B. 2. Le Luxembourg et la Belgique partagent la même devise. 3. Comme les taux d'intérêt à long terme ne figurent plus dans les prévisions publiques de la DG II, nous prenons les moyennes annuelles pour 1995 tirées du rapport annuel de 1995 de l'IME. 4. La valeur prévue du critère est fondée sur les prévisions ci-dessus. 5. L'inflation correspond au déflateur de la consommation privée de la DG II, qui doit aussi servir de critère de Maastricht. 6. Prévision de l'OCDE (déc. 1995 - Perspectives économiques) 7. Prévision de l'OCDE (le mode de calcul de la dette diffère de celui qui est utilisé dans les prévisions de la Commission). 8. Le Conference Board du Canada, printemps 1996, Prévisions canadiennes. 9. Rendement des obligations à dix ans du gouvernement du Canada.

Source : Préparé par le MAECI d'après les prévisions économiques de la Commission européenne (DG II) du printemps de 1996 (15 mai 1996). Les chiffres du «scénario» de 1997 sont fondés sur les politiques adoptées ou annoncées dont on connaît suffisamment de détails.

De tous les États membres de l'UE, l'Allemagne est peut-être celui qui tient le plus à une application stricte des critères de convergence. En fait, le ministre des Finances de l'Allemagne Theo Waigel, avait proposé, en décembre 1995, de resserrer les critères financiers en créant un «pacte de stabilité» de l'Europe. Aux termes de ce pacte, les États membres qui accèdent à l'UEM ramèneraient leur déficit à 1 p. 100 du PIB durant les périodes normales de croissance économique.

Les dirigeants de la Bundesbank partagent l'opinion du gouvernement allemand quant à la nécessité d'une application stricte des critères de convergence. Selon Johann Wilhelm Gaddum (vice-président de la Bundesbank), le choix de ces critères budgétaires particuliers (rapport du déficit au PIB de 3 p. 100 et rapport de la dette au PIB de 60 p. 100) ne tient pas au hasard. Il a néanmoins insisté pour dire que ces critères sont nécessaires pour éviter une politique budgétaire excessivement expansionniste qui serait incompatible avec la politique monétaire. Selon lui, les pays aux prises avec un important déficit public seraient sensibles aux changements de politique monétaire; or, il ne faudrait pas que ces pays puissent influencer sur la politique monétaire, les taux d'intérêt et le taux de change.

Des déclarations récentes de M. Gaddum à la presse laissent entendre que la Bundesbank pourrait être prête à interpréter avec plus de souplesse les critères de convergence : «Après tout, le succès de l'union monétaire ne se décidera pas uniquement en fonction des chiffres; il est aussi tributaire de la culture financière instituée au sein de cette société»⁴⁷.

G. Les attributions de la Banque centrale européenne

La Banque centrale européenne (BCE) sera créée six mois avant le début de l'Union économique et monétaire. Elle formera, avec les banques centrales des États membres, le système européen de banques centrales (SEBC). Les banques centrales nationales

47 «Ease terms for money, banker asks», *The Globe and Mail*, samedi 11 mai 1996, p. A5A.

sont sociétaires de la BCE et leurs souscriptions sont calculées en fonction de leur population et de leur poids économique national. Elles appliquent les instructions et les directives de la BCE. Les gouverneurs des banques centrales nationales composeront le Conseil des gouverneurs de la BCE, tandis que les opérations quotidiennes relèveront du Directoire.

D'après Johann Wilhelm Gaddum, quatre conditions importantes régiront l'établissement de la politique monétaire par la Banque centrale européenne. En effet, celle-ci est 1) indépendante de toute ingérence politique; 2) est tenue par l'objectif de la stabilité des prix; 3) dispose de tous les instruments financiers nécessaires pour réaliser la politique monétaire; 4) est tout à fait libre de toute obligation de financer des déficits.

1. L'indépendance de la BCE

La Banque centrale européenne sera un modèle d'entité indépendante de toute ingérence gouvernementale. En effet, comme l'a souligné l'ancien président de la Bundesbank, Karl Otto Pohl, la BCE aura la même autonomie que la Banque centrale de Luxembourg et davantage que la Bundesbank. L'indépendance de la Banque est énoncée explicitement dans son mandat.

L'article 107 du Traité sur l'Union européenne porte que : «Dans l'exercice des pouvoirs et dans l'accomplissement des missions et des devoirs qui leur ont été conférés par le présent traité et les statuts du SEBC, ni la BCE, ni une banque centrale nationale, ni un membre quelconque de leurs organes de décision ne peuvent solliciter ni accepter des instructions des institutions ou organes communautaires, des gouvernements des États membres ou de tout autre organisme. Les institutions et organes communautaires ainsi que les gouvernements des États membres s'engagent à respecter ce principe et à ne pas chercher à influencer les membres des organes de décision de la BCE ou des banques centrales nationales dans l'accomplissement de leurs missions»⁴⁸.

La Banque centrale européenne jouira d'une forme d'indépendance importante dont ne profite aucune banque centrale nationale. En effet, dans le cas des banques centrales nationales comme la Bundesbank ou la Banque du Canada, l'assemblée législative peut décider de prendre en main les pouvoirs et les fonctions de la banque en modifiant le texte législatif la gouvernant⁴⁹. Cependant, pour changer les statuts du système européen de banques centrales, il faudrait modifier le protocole approprié annexé au traité de Maastricht, ce qui nécessiterait l'approbation unanime des États membres. Certains observateurs voient là un autre exemple du déficit démocratique de l'UE et ont réclamé que le Parlement européen soit autorisé à proposer, voire à adopter, des amendements aux statuts du SEBC.

2. L'objectif de stabilité des prix

La BCE aura pour objectif premier de promouvoir la stabilité des prix, mais elle devra aussi, sans compromettre cet objectif, soutenir les politiques économiques générales de la Communauté. Celles-ci consistent notamment à «promouvoir un développement harmonieux et équilibré des activités économiques dans l'ensemble de la Communauté, une croissance durable et non inflationniste respectant l'environnement, un haut degré de convergence des performances économiques, un niveau d'emploi et de protection sociale élevé, le relèvement du niveau et de la qualité de vie, la cohésion économique et sociale et la solidarité entre les États membres»⁵⁰.

3. Les instruments de la politique monétaire

La BCE et les banques centrales nationales disposeront de l'éventail complet des instruments nécessaires à l'exécution de la politique monétaire, à savoir l'ouverture de

49 Dans le cas de la Banque du Canada, il n'est pas nécessaire de modifier la loi pour la forcer à effectuer un changement de politique. Depuis 1967, la *Loi sur la Banque du Canada* contient une disposition autorisant le ministre des Finances à donner des instructions au gouverneur de la Banque.

50 *Traité instituant la Communauté européenne*, article 2.

comptes aux acteurs du marché, la possibilité d'effectuer des opérations sur le marché libre et l'imposition de réserves obligatoires aux établissements de crédit. Par ailleurs, le Conseil des gouverneurs peut décider, à la majorité des deux tiers, de «recourir aux autres méthodes courantes de contrôle monétaire qu'il jugera opportunes». Pour lui permettre d'appliquer la politique relative aux taux de change, la BCE aura accès à une partie des réserves de devises des banques centrales nationales. Enfin, la BCE peut arrêter des règlements «en vue d'assurer l'efficacité et la solidité des systèmes de compensation et de paiements au sein de la Communauté et avec les pays tiers»⁵¹.

4. La disposition de «non-sauvetage»

L'article 104 du Traité⁵², que le vice-président de la Bundesbank, M. Gaddum, appelle la disposition de «non-sauvetage», interdit à la Banque centrale européenne et aux banques centrales nationales de consentir du crédit aux administrations centrales, aux autorités régionales ou locales ou aux organismes publics des États membres ou d'acheter des instruments de leur dette. Cette disposition vise à empêcher les gouvernements de se servir du système de banques centrales pour couvrir des déficits publics en faisant marcher la planche à billets.

H. Les avantages de l'UEM

1. Frais de transaction moindres

Il ne fait aucun doute que les frais de conversion de devises peuvent représenter une dépense substantielle pour le voyageur. On donne souvent l'exemple fictif d'une personne qui ferait le tour de l'UE avec 100 livres sterling en poche au départ. Une fois traversés tous les pays de l'UE et après y avoir à chaque fois converti la totalité de son argent dans la devise du pays, cette personne reviendrait à son point de départ avec 50 livres, le reste ayant été

51 *Traité instituant la Communauté européenne*, protocole (n° 3) sur les statuts du Système européen des banques centrales et de la Banque centrale européenne, chapitre IX, article 22.

52 *Traité instituant la Communauté européenne*, article 104.

dépensé en commissions et écarts de change. Selon une étude de la Commission européenne, pour les particuliers, la moyenne pondérée des coûts de conversion des billets de banque équivaut à 2,5 p. 100 du montant converti⁵³. Les opérations en devises des sociétés portent généralement sur de gros montants et elles ne coûtent pas aussi cher : parfois seulement 0,05 p. 100 sur des sommes dépassant les 5 millions d'écus.

Selon l'étude de la Commission, la monnaie unique permettrait de réaliser des économies totales de frais de transaction de l'ordre de 0,1 à 0,2 p. 100 du PIB pour la plupart des États membres, mais qui pourraient atteindre 0,9 p. 100 du PIB dans le cas des petites économies ouvertes et moins développées. L'adoption de la monnaie unique devrait entraîner des économies annuelles totales à ce chapitre de plus de 15 milliards d'écus (18,6 milliards de dollars américains), ce qui représente environ 0,4 p. 100 du PIB de la Communauté⁵⁴.

2. Réduction de la variabilité des cours du change et des incertitudes

La variabilité des cours des devises qui restent à l'intérieur des marges de fluctuation du mécanisme de change n'est pas très grande, si bien que la transition à une monnaie unique sous le régime de l'Union économique et monétaire n'aura pas d'effet important sur les pays concernés. En outre, les études réalisées ne permettent pas de conclure à l'existence d'un lien étroit entre la suppression de la variabilité des taux de change et l'augmentation des échanges internationaux. Cela tient peut-être au fait que les négociants se protègent contre le risque en diversifiant leur portefeuille de devises et au moyen d'opérations de couverture sur les marchés à terme.

La monnaie unique pourrait aussi présenter un autre avantage dans la mesure où elle réduira l'incertitude pour les investisseurs. Selon l'étude de la Commission, une réduction de la prime de risque que les sociétés doivent payer pour obtenir des capitaux propres

53 Michael Emerson *et al.*, *One Market, One Money, An Evaluation of the Potential Benefits and Costs of Forming an Economic and Monetary Union*, Oxford University Press, 1992, p. 65.

54 *Ibid.*, p. 63.

augmenterait grandement les investissements. Par exemple, une réduction de la prime de risque de seulement 0,5 point pourrait à long terme relever la production de l'UE de 5 à 10 p. 100⁵⁵.

3. Plus grande stabilité des prix

Selon l'étude de la Commission, l'inflation entraîne des coûts économiques importants qui sont difficiles à mesurer. La théorie micro-économique veut qu'un taux d'inflation de 10 p. 100 pleinement prévu entraîne une baisse directe du niveau de vie de l'ordre de 0,1 à 0,3 p. 100 du PIB⁵⁶.

Un taux d'inflation élevé est généralement associé à une plus grande variabilité du taux et donc à une plus grande imprévisibilité. Une inflation non prévue a des effets beaucoup plus néfastes que l'inflation prévue. Une inflation non prévue amène les marchés (la première surprise passée) à intégrer aux taux d'intérêt une prime de risque pour l'inflation. Elle peut également entraîner des distorsions du système des prix si les prix relatifs ne demeurent pas constants. Un taux d'inflation extrêmement variable empêche la production de rester au niveau d'équilibre parce que les acteurs économiques mettent du temps à corriger leurs attentes en fonction des nouveaux prix.

Certains affirment que si la BCE applique une politique monétaire crédible, comme celle de la *Bundesbank*, par exemple, les membres de l'Union économique et monétaire devraient bénéficier d'une réduction des coûts de l'inflation. Si rien ne garantit que la Banque centrale européenne fera aussi bien que la *Bundesbank*, il reste que la BCE sera indépendante des organismes publics nationaux et qu'elle a pour mission de maintenir la stabilité des prix.

55 Cependant, même les auteurs de l'étude admettent que les données empiriques sont faibles en ce qui concerne l'impact de la variabilité des taux de change sur les investissements (Emerson *et al.*, *One Market, One Money*, p. 83).

56 *Ibid.*, p. 89.

4. Finances publiques

Comme il a été dit, l'Union économique et monétaire forcera les gouvernements à remplir certaines conditions financières pour passer à la troisième phase. Après le début de celle-ci, les gouvernements devront encore éviter les dettes et les déficits excessifs, faute de quoi ils s'exposeront éventuellement à des pénalités⁵⁷. On affirme que ces règles imposant une certaine discipline financière seront avantageuses, car elles entraîneront des réductions des taux d'intérêt grâce à l'élimination des primes de risque relativement au taux d'inflation et du change.

5. Réalisation du marché intérieur

Selon cet argument, l'union monétaire est une condition préalable à la réalisation du marché intérieur⁵⁸. L'élimination des contrôles des capitaux sous le régime du marché unique suscitera des mouvements spéculatifs sur les devises qui risquent de compromettre le régime de change de l'UEM. On prétend que des taux de change fixes sont incompatibles avec la libre circulation des capitaux, mais les décideurs de l'UE estiment inacceptables des taux de change variables⁵⁹. Dans cette optique, la seule façon d'éviter la spéculation sur les devises sans imposer de contrôles des mouvements de capitaux consiste à former une union monétaire avec une monnaie unique. Par ailleurs, les dirigeants des banques centrales européennes ont dit au Comité que l'UEM allait contribuer à la réalisation du marché des capitaux intérieur de l'UE, ce qui donnera aux marchés financiers européens des moyens accrus pour mieux concurrencer ceux des États-Unis.

57 L'article 104 c) du *Traité instituant la Communauté européenne* porte que le Conseil peut, sur recommandation de la Commission, enjoindre à un État membre de prendre des mesures en vue de remédier à un déficit excessif. Si l'État membre omet de le faire, le Conseil peut imposer certaines sanctions : inviter la Banque européenne d'investissement à revoir sa politique de prêts à l'égard de l'État membre concerné; exiger de l'État membre qu'il fasse, auprès de la Communauté, un dépôt ne portant pas intérêt jusqu'à ce que le déficit excessif ait été corrigé; et imposer des amendes à l'État membre.

58 Ces arguments avancés par les partisans de l'UEM sont discutables. Mais il ne s'agit pas pour nous d'apprécier la validité de ces arguments, mais simplement de les exposer le plus clairement possible, étant donné qu'ils ont été évoqués pour justifier l'UEM.

59 Il semblerait que cela tient en partie au fait que les taux de change variables compromettent la Politique agricole commune qui soutient les prix des produits agricoles dans la monnaie du pays concerné.

I. Les coûts de l'UEM

1. Renoncement à une politique monétaire nationale indépendante

Au début de la troisième phase de l'Union économique et monétaire, les parités seront fixées de façon irrévocable, et la Banque centrale européenne commencera à appliquer une politique monétaire unique pour toute la zone de l'UEM. Quelles en seront les conséquences pour les politiques nationales de stabilisation économique?

M. John Murray (chef, Relations internationales, Banque du Canada) a expliqué que, selon la théorie de la zone monétaire optimale, «les arrangements concernant les taux de change doivent varier en fonction des régions économiques et des pays. Certaines régions et certains pays présentent suffisamment de similitudes, dans leurs objectifs économiques et dans les crises qui les secouent, pour pouvoir former une union monétaire naturelle ou optimale. D'autres, cependant, sont peut-être si différents, tant par les crises économiques qui les secouent que par leurs objectifs économiques, qu'ils ne sont pas des candidats naturels ou probables à une union monétaire. Par conséquent, pour évaluer l'accord européen, il faut déterminer si les divers États sont des partenaires naturels»(31:11).

M. Murray a dit que, selon des recherches de la Banque du Canada, on constate que les pays qui sont situés au centre de l'Europe présentent de nombreuses similitudes et semblent former une association naturelle. Cependant, plus on s'éloigne du centre, plus les divergences s'accroissent⁶⁰. L'étude de la Banque du Canada citée par Murray arrive à la conclusion suivante : [traduction] «par comparaison avec les diverses régions des États-Unis, la plupart des pays d'Europe éprouvent des chocs très asymétriques sur le plan de l'offre et de la demande réelle, et en particulier ceux qui sont situés en périphérie (Grèce, Italie, Norvège, Portugal et Suède), pour lesquels la période de transition aboutissant à l'union monétaire

60 Les régions du Canada elles aussi sont parfois déphasées économiquement. Il arrive de temps à autre que l'on accuse la Banque du Canada d'appliquer une politique monétaire nationale qui sert les intérêts économiques du centre du Canada sans considération pour la conjoncture différente qui existe dans les provinces de l'Atlantique ou celles de l'Ouest.

pourrait être relativement coûteuse au chapitre de l'accroissement de la variabilité de la production et de l'emploi. En fait, les seuls pays qui suivent de près l'élément commun des chocs de l'offre et de la demande réelle sont l'Allemagne et la Suisse. Par conséquent, l'union monétaire pourrait être coûteuse même pour les pays qui appartiennent au groupe intermédiaire (Autriche, Belgique, Espagne, France, Pays-Bas, et Royaume-Uni)»⁶¹.

Si la plupart des économies de l'UE réagissent si différemment aux chocs économiques, comment peuvent-elles s'adapter à un choc externe? Supposons par exemple une baisse de la demande internationale relativement aux exportations d'un pays donné et une hausse concomitante du chômage. Les principaux mécanismes pouvant remplacer une dévaluation du taux de change sont les suivants : (1) ajustement des prix et des salaires intérieurs, (2) migration interrégionale, (3) flux interrégionaux de capitaux publics et privés et (4) transferts financiers interrégionaux⁶².

Si les salaires réels dans les pays de l'Union économique et monétaire sont élastiques à la baisse, il n'est pas forcé que des pressions négatives sur la production, par exemple une réduction de la demande vis-à-vis des exportations d'un pays, entraînent une augmentation du chômage. Cependant, les données montrent que les salaires européens ont une moindre tendance à la baisse en réaction au chômage que ce n'est le cas au Canada ou aux États-Unis.

Une augmentation du chômage dans un pays donné peut être compensée, même en l'absence de politique monétaire indépendante, si la main-d'oeuvre peut se déplacer librement du pays à chômage élevé vers un pays à faible chômage. Or, les études montrent que ce n'est pas une solution viable pour les pays européens où la mobilité de la main-

61 Nick Chamie *et al.*, *Optimum Currency Areas and Shock Asymmetry: A Comparison of Europe and the United States*, cahier de recherche 94-1, Banque du Canada, janvier 1994, p. 24.

62 Barry Eichengreen, *Should the Maastricht Treaty be Saved?*, Princeton Studies on International Finance, n° 74, décembre 1992, p. 16.

d'oeuvre d'un pays à l'autre est relativement faible en raison de barrières d'ordre linguistique et culturel⁶³.

Les capitaux ne sont pas aussi mobiles à l'intérieur de l'UE qu'ils le sont aux États-Unis, mais la mobilité des capitaux s'améliorera lorsque l'Union économique et monétaire fera disparaître le risque du taux de change.

En ce qui concerne les transferts interrégionaux, le budget de l'UE (1,2 p. 100) est trop modeste par rapport à la production industrielle pour contrebalancer un fort bouleversement de la demande ou de l'offre.

2. Contraintes financières

Si les taux de change et la politique monétaire ne peuvent plus servir d'outils de stabilisation, on est forcé de recourir davantage à la politique financière pour compenser les chocs économiques. Le traité de Maastricht ne limite pas les dépenses publiques : les gouvernements peuvent continuer de dépenser comme ils l'entendent, mais ils devront se procurer la majeure partie des sommes nécessaires par voie d'impôt, parce que l'article 104 du Traité plafonne les déficits et l'endettement publics. Par conséquent, l'aptitude des gouvernements à réagir à un ralentissement économique imprévu par une politique de déficit actif de type keynésien pourrait se trouver compromise par les restrictions qu'impose le traité de Maastricht sur les déficits.

Un autre genre de contrainte pourrait apparaître lorsque le marché financier de l'UE aura atteint un plus grand degré d'intégration. En effet, selon certaines études, les gouvernements font face à des contraintes budgétaires plus grandes lorsque les capitaux sont très mobiles et que les taux de change sont fixes (ou assujettis à une union monétaire). Plus la mobilité des capitaux est élevée, plus grande est la probabilité que ceux-ci délaissent les

marchés où l'impôt est élevé au profit de ceux où il est faible. Selon des données américaines, il semblerait que les États et les administrations locales sont boudés par les marchés financiers lorsque leur ratio d'endettement atteint un niveau donné, ce qui force un certain degré de convergence des taux d'imposition⁶⁴.

Les contraintes qu'impose l'union sur les politiques financières nationales ont amené certains à prôner une nouvelle forme de fédéralisme financier au niveau de l'Union européenne. L'UE effectue déjà des transferts de ressources au moyen de fonds structurels, mais ceux-ci ne sont pas destinés à palier des ratés temporaires de l'économie. Ils sont destinés aux régions où les revenus sont *constamment* inférieurs à la moyenne pour l'UE. De toute façon, comme on l'a dit plus haut, le budget de l'UE est trop modeste (1,2 p. 100 du PIB) pour permettre des paiements de stabilisation efficaces.

3. L'adhésion partielle à l'UEM

Il apparaît que certains pays (notamment l'Italie, la Belgique, l'Espagne, le Portugal, et la Grèce possiblement) n'arriveront peut-être pas à respecter les conditions de convergence d'ici 1998. De plus, d'autres pays, comme le Royaume-Uni, le Danemark et peut-être la Suède, pourraient choisir de ne pas joindre l'UEM⁶⁵. Les pays qui ont l'intention d'adopter la monnaie unique craignent donc que les autres ne procèdent à des dévaluations concurrentielles. Ils prônent la création d'un système s'apparentant au mécanisme de change avec parités fixes entre l'euro et les devises des pays non-membres de l'UEM. Ce plan suscite de l'opposition au R.-U. où le mécanisme de change a été discrédité par la crise de 1992 qui a forcé la livre à sortir du système. La Suède aussi serait contre ce projet, tandis que le Danemark y souscrit tout à fait.

64 *Ibid.*, p. 26.

65 Le R.-U. et le Danemark ont le droit de ne pas participer à la troisième phase de l'UEM. Le Danemark a déjà dit qu'il n'adoptera pas la monnaie unique. Le gouvernement du R.-U. n'a pas encore pris de décision. La Suède a dit qu'elle n'optera pour l'euro que si son parlement y consent.

4. Autres coûts

L'établissement de la monnaie unique pose certains problèmes d'ordre technique. Pensons par exemple au statut juridique des contrats à terme libellés dans une monnaie nationale, mais qui arriveront à échéance après l'introduction de l'euro. Un contrat pourrait prévoir un paiement en marks allemands, par exemple, mais cette monnaie cessera d'avoir cours légal après le 1^{er} juillet 2002 suivant le plan de l'Institut monétaire européen.

La monnaie unique entraînera d'autres coûts : modification des systèmes comptables, reprogrammation des ordinateurs, modification des listes de prix et modification des distributeurs automatiques. Les banques commerciales assumeront certains des coûts les plus élevés, car elles devront fonctionner avec deux systèmes, l'euro et les devises nationales, durant la période de transition allant de 1999 à 2002. Par exemple, les guichets automatiques de banque traiteront une demande en euros, mais effectueront la transaction dans la monnaie nationale. L'Association bancaire pour l'ECU estime que ces coûts s'élèveront à environ 175 millions de livres sterling pour chacun de ses membres⁶⁶.

J. Les effets de l'UEM sur le reste du monde

Les Européens, on le comprend facilement, se sont beaucoup moins intéressés aux conséquences externes de l'Union économique et monétaire qu'à ses répercussions internes. Il reste que l'UEM aura des effets réels sur les autres pays dans trois grands secteurs. Premièrement, elle va influencer sur la demande de devises et, par conséquent, sur les taux de change. Deuxièmement, elle pourrait infléchir les flux des échanges et des investissements. Enfin, elle a des conséquences sur la coordination des politiques économiques et la gestion des taux de change au niveau international.

66 Timothy Edmonds et Vaughn Miller, *Economic and Monetary Union*, Research Paper 96/33, House of Commons Library, 1^{er} mars 1996, Londres, p. 38.

1. La demande de devises

Selon la théorie économique, la monnaie a trois fonctions différentes : c'est un instrument d'échange, un instrument de réserve et une unité de compte. La demande relative à la nouvelle devise européenne comme instrument d'échange progressera à mesure que les pays de l'extérieur qui commercent avec l'UE effectueront davantage de transactions en euros. Cette tendance sera particulièrement forte dans les pays d'Europe de l'Est, qui ont déjà des échanges nombreux avec l'UE et entendent joindre un jour l'Union et adopter la monnaie commune. L'euro pourrait aussi commencer à grignoter la part de transactions ne concernant pas l'UE qui sont actuellement libellées en dollars américains. Il est par exemple possible que les pays producteurs de pétrole exigent d'être payés en euros et non en dollars américains. D'un autre côté, les réserves officielles de devises européennes détenues par les banques centrales vont diminuer dès lors que les opérations de change sur les devises européennes cesseront⁶⁷.

Si la BCE réussit à se tailler une réputation aussi enviable que celle de la *Bundesbank* en matière de stabilité des prix, l'euro deviendra plus recherché comme instrument de réserve que ne l'étaient les devises européennes, à l'exception peut-être du mark allemand. Ce phénomène pourrait persuader les pays de l'extérieur de réduire leurs réserves en dollars au profit de leurs réserves en euros.

Dans la mesure où l'UEM favorise l'intégration de l'Europe et la croissance économique, elle fera progresser la part de l'UE dans l'économie mondiale, ce qui fera augmenter la proportion des transactions en euros.

67 Selon l'étude de la Commission, les États membres de la Communauté réaliseront des économies de l'ordre de 200 milliards de dollars US en ce qui concerne les réserves de devises. (Emerson *et al.*, *One Market, One Money*, 1992, p. 178.)

Une question essentielle se pose, à savoir quelles seront les conséquences de l'introduction de la monnaie européenne unique sur la demande d'actifs financiers internationaux. Certains pensent que l'UEM entraînera un déplacement relativement faible (5 p. 100) vers les actifs libellés en euros⁶⁸. D'autres sont d'avis que la demande d'actifs en euros va baisser lorsque les investisseurs à la recherche d'une plus grande diversification se tourneront vers les devises non européennes⁶⁹. Par exemple, un investisseur français dont la majorité des placements sont libellés en francs français peut diversifier son portefeuille en se procurant des marks allemands ou des dollars américains. Après l'introduction de la monnaie unique, ses placements seront libellés en deux devises seulement, l'euro et le dollar. S'il veut diversifier davantage son portefeuille, il devra chercher en dehors de l'Europe⁷⁰.

2. Flux des échanges et des investissements

Les pays de l'extérieur comme le Canada doivent aussi s'interroger sur les conséquences de la monnaie unique sur la parité de leur monnaie vis-à-vis de celle de leurs principaux partenaires commerciaux au sein de l'UE. Des témoins ont dit au Comité que même si la majorité de la population allemande est contre l'Union économique et monétaire, les entreprises allemandes penchent dans l'ensemble pour la monnaie unique. Cela tient au fait que les entreprises allemandes s'inquiètent des conséquences de la valeur élevée du mark allemand sur les exportations et voient dans la monnaie unique le moyen d'obtenir *de facto* une dévaluation du mark. Or, s'il est vrai qu'une dévaluation du mark allemand pourrait stimuler les exportations de l'Allemagne, elle ferait par contre diminuer sa demande d'importations, notamment en provenance du Canada. D'un autre côté, M. Gordon Venner (sous-directeur, Direction de l'Union européenne, MAECI) a signalé que les exportateurs canadiens pourraient bénéficier d'une réduction des coûts de transaction du fait de l'existence d'une monnaie unique pour toute l'Europe.

68 *Ibid.*

69 Barry Eichengreen, *Should the Maastricht Treaty be Saved?*, 1992, p. 58.

70 *Ibid.*

M. Venner a aussi soulevé la possibilité que l'UEM infléchisse les flux d'investissement internationaux. «Si l'Union européenne arrivait à établir une très vaste zone de stabilité des cours, cela en ferait une zone d'investissement extrêmement intéressante. Le Canada devrait donc disputer ces investissements à l'Union européenne»⁷¹. (1:28)

3. Coordination des politiques à l'échelon international

Certains pensent que l'Union européenne va transformer le G-7 en G-4 : États-Unis, Canada, Japon et UE. Or, cela n'est pas acquis. Comme le signale M. Barry Eichengreen, au G-7, ce sont les ministres des finances et non les responsables des banques centrales qui occupent les premiers rôles dans les discussions sur la coordination des politiques⁷². Il y aura une banque centrale européenne, mais aussi quinze ministres des finances : «L'article 109 du traité de Maastricht est muet sur les détails de leur collaboration. On y insiste sur la nécessité pour la Communauté de parler d'une seule voix, mais on ne précise pas quelle sera cette voix. Le ministre des finances du pays occupant la présidence de l'UE représentera-t-il la Communauté lors des sommets du G-7? Le président indépendant de la BCE aura-t-il aussi voix au chapitre?»⁷³. La question de savoir qui est le porte-parole de l'Europe se complique encore davantage lorsqu'on songe que deux pays du G7, le Royaume-Uni et l'Italie, pourraient ne pas faire partie de l'UEM initialement.

En supposant que l'UE surmonte ses problèmes de coordination interne, l'adoption d'une monnaie unique confèrera à l'Europe un pouvoir de négociation plus grand vis-à-vis de ses partenaires du G-7. Comme l'a dit John Murray, «quand il n'y aura plus que trois grandes puissances, plutôt que sept, quelle sera la place du Canada? En d'autres mots, on comptera comme puissances économiques les États-Unis, le Japon et, désormais, plutôt qu'une série de pays européens, il y aura une Europe représentant le troisième grand bloc

71 Comme on l'a déjà dit, les données établissant un lien entre les investissements et la stabilité des taux de change sont extrêmement ténues.

72 Barry Eichengreen, *Should the Maastricht Treaty Be Saved?* 1992, p. 58.

73 *Ibid.*, p. 58-59.

monétaire. Où se situe le Canada dans tout cela? Une fois que la France, l'Allemagne, le Royaume-Uni et l'Italie feront partie de cette Europe commune, nous serons pas mal isolés et nous pourrions ne plus avoir beaucoup de poids. Nous devons donc prévoir en conséquence» (31:15-16).

K. Conclusion et recommandations

Comme la plupart des chemins qui ont mené à l'intégration de l'Europe, la voie aboutissant à l'Union économique et monétaire ne suit pas une ligne droite. Et à l'instar de nombreuses propositions d'intégration économique de l'Union européenne, ce projet est motivé en partie par des considérations politiques. Après l'échec de la tentative de concrétisation du rapport Werner de 1970 sur l'UEM, un plan beaucoup plus modeste a été proposé, sous la forme du système monétaire européen. C'est l'unification de l'Allemagne et la nécessité de resserrer les liens entre celle-ci et l'Europe qui a déclenché la résurrection du projet d'UEM. Sur le plan économique, l'UEM est une tentative de la part des autres pays de l'UE, et en particulier de la France, pour avoir davantage voix au chapitre dans la conduite de la politique monétaire européenne. En dépit de problèmes budgétaires et de la crise monétaire du SME de 1992-1993, les dirigeants des deux pays les plus importants dans l'intégration de l'Europe, la France et l'Allemagne, semblent maintenant déterminés à faire réussir le lancement de l'UEM. Le chancelier de l'Allemagne, Helmut Kohl, en particulier, tient à ancrer la nouvelle Allemagne dans l'Europe et a dit craindre la désintégration de l'Union européenne si l'UEM ne se concrétisait pas. Le Comité a aussi appris que les dirigeants des banques centrales de la France et de l'Allemagne sont convaincus que l'UEM va se concrétiser.

Le Comité estime que, même si l'échéance de 1999 n'était pas respectée, il y a une forte probabilité que l'UEM soit instituée. Cependant, l'absence d'études approfondies des répercussions externes de l'UEM nous inspire une certaine inquiétude. En effet, si le Canada et les autres pays de l'extérieur demeurent confinés à un rôle de spectateurs, il reste que le projet de l'UEM fait planer sur nous de grandes incertitudes dans au moins trois

secteurs : la demande de devises et les taux de change; les flux des échanges et des investissements; et la coordination des politiques à l'échelon international.

Par conséquent, nous recommandons que le ministère des Affaires étrangères et du Commerce international, en concertation avec la Banque du Canada et le ministère des Finances, effectue une étude sur les conséquences de l'Union économique et monétaire de l'UE pour le Canada. Le gouvernement du Canada devrait accorder une priorité élevée à cette étude⁷⁴.

Le Comité recommande en outre que le gouvernement du Canada convoque une conférence une fois cette étude réalisée. Cette conférence de gens d'affaires, d'économistes et de décideurs politiques canadiens aiderait le gouvernement à apprécier les répercussions possibles de l'Union économique et monétaire (UEM) sur le Canada et à élaborer les politiques appropriées pour y réagir.

Enfin, le Comité note que l'UEM éliminera certains des obstacles qui entravent toujours la réalisation d'un véritable marché européen unique. Les analyses montrent que l'UEM accroîtra les moyens des marchés des capitaux de l'UE et rendra les entreprises européennes plus concurrentielles. Les marchés tendant à se mondialiser, le Comité considère essentiel que les entreprises canadiennes jouissent, sur le plan intérieur, de conditions d'exploitation au moins aussi favorables que celles dont bénéficient les entreprises européennes sur le marché européen.

Le Comité recommande que le gouvernement fédéral et les provinces continuent de s'employer à supprimer les barrières commerciales interprovinciales. Le Canada a déjà une union monétaire, mais il reste encore beaucoup à faire pour mettre en place un véritable marché unique pour les biens, les services, les capitaux et les personnes.

74 Le Comité a appris que le ministère des Affaires étrangères et du Commerce international prévoyait effectuer une étude des répercussions de l'UEM sur le Canada. Nous croyons que le gouvernement devrait faire de cette étude une de ses priorités.

VI. LA CONFÉRENCE INTERGOUVERNEMENTALE DE 1996 («MAASTRICHT II»)

A. Introduction

Le 29 mars 1996, les dirigeants des États membres de l'UE se sont réunis à Turin, en Italie, pour lancer une conférence intergouvernementale (CIG) chargée de statuer sur des questions qui influenceront sur l'orientation future de l'Union. Les décisions prises à la CIG de 1996 toucheront le Canada indirectement par leurs implications pour l'identité de défense et pour la politique étrangère et de sécurité commune de l'UE. Au demeurant, si les réformes de la structure institutionnelle de l'UE permettent éventuellement de nouveaux élargissements de celle-ci, les investissements et les échanges du Canada seront touchés par les décisions prises lors de la CIG.

B. Le fonctionnement des CIG

Qu'est-ce qu'une CIG et comment fonctionne-t-elle? [TRADUCTION] «Une conférence intergouvernementale ou CIG est une réunion spéciale des représentants des gouvernements des États membres convoquée pour étudier des modifications des traités. Aux termes de l'article N du traité (l'ancien article 236), tout État membre peut soumettre au Conseil des propositions de modification des traités [...] une CIG peut être convoquée et conclue au niveau du Conseil européen des chefs d'État ou de gouvernement et le Conseil européen peut avoir un grand rôle à jouer sur le plan de l'avancement des travaux, de la clarification des passages ambigus et de la conclusion d'une entente sur les textes définitifs⁷⁵.

Le travail de base des CIG est effectué par des commissions spéciales composées de représentants des États membres et des institutions de l'UE comme la Commission et le Parlement européen. Par exemple, c'est la commission Delors qui est à l'origine du plan d'union économique et monétaire qui a été à la base de cette partie de la CIG

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Vaughne Miller, *Towards the IGC: Approaching Turin*, Research Paper 96/41, House of Commons Library, 19 mars 1996, p. 5.

de Maastricht. Une autre commission a élaboré les éléments fondamentaux de la CIG de Maastricht sur l'union politique. Les travaux préparatoires de la CIG de Turin ont été effectués par le Groupe de réflexion, lequel a été constitué pour étudier les problèmes de l'UE et envisager les solutions possibles en tenant compte des répercussions éventuelles de l'élargissement de l'Union⁷⁶.

La CIG comporte généralement des réunions mensuelles des ministres des Affaires étrangères de l'UE. Elle s'apparente donc ainsi aux réunions du Conseil des ministres, mais s'en distingue dans la mesure où les réunions de la CIG portent sur des modifications du traité et non sur les lois de l'UE⁷⁷. Les propositions de modifications du traité peuvent émaner de diverses sources : de la présidence, des États membres ou des institutions de l'UE, la présidence jouant un rôle important, car elle regroupe les propositions et facilite les négociations⁷⁸.

C. Le programme des CIG

Depuis 1957, six CIG ont été tenues pour réviser les traités régissant les communautés européennes. Elles ont abouti au Traité de fusion des institutions de la CE de 1965, aux traités de 1970 et de 1975 modifiant les pouvoirs budgétaires du Parlement européen, à l'*Acte unique européen* et aux deux conférences intergouvernementales (une sur l'union politique et l'autre sur l'union économique et monétaire) qui se sont soldées par le *Traité sur l'Union européenne* de 1992 (Maastricht).

La CIG de 1996 n'a pas d'ordre du jour fixe, mais le traité de Maastricht prévoit que les questions suivantes y seront abordées :

- (I) les piliers de l'Union européenne établis par le traité (article B);

76 Vaughne Miller, *Towards the IGC: Weighing the Options*, Research Paper 95/123, House of Commons Library, p. 6.

77 Vaughne Miller, *Towards the IGC: Approaching Turin*, Research Paper 96/41, House of Commons Library, p. 7.

78 *Ibid.*

- (ii) la défense, dans le contexte de l'examen du traité de l'Union de l'Europe occidentale prévu pour 1998 (article J.4.6);
- (iii) la politique étrangère et de sécurité commune (article J.10);
- (iv) la portée de la procédure de codécision du Parlement européen (article 189b);
- (v) les nouveaux chapitres de la Communauté relative à l'énergie, à la protection civile et au tourisme (Déclaration 1);
- (vi) la «hiérarchie des actes communautaires», qui pourrait comporter une révision de la classification des mesures législatives communautaires en vue d'établir des procédures distinctes pour différentes catégories de lois (Déclaration 16)⁷⁹.

Depuis l'adoption du traité de Maastricht, les États membres de l'UE ont également convenu d'examiner :

- (vii) ses dispositions budgétaires, y compris les arrangements concernant les dépenses obligatoires et facultatives (Accord inter-institutionnel d'octobre 1993);
- (viii) le nombre de commissaires européens (Conseil européen, décembre 1993);
- (ix) les procédures de vote à la majorité qualifiée - tant la pondération des voix que le seuil de la majorité qualifiée (réunion officieuse du Conseil des affaires étrangères à Ioannina (Grèce) mars 1994)⁸⁰.

D'autre part, les questions soulevées dans le Rapport du Groupe d'étude sur la CIG (Groupe de réflexion) devraient être examinées à la CIG de 1996. Comme il avait été entendu au sommet de Copenhague en 1993 que l'UE admettrait de nouveaux membres, le principe de l'élargissement ne devrait pas susciter beaucoup de discussion. L'élargissement de l'Union aura toutefois des répercussions sur bien d'autres sujets à l'étude, comme la réforme des institutions, le vote à la majorité qualifiée, et la politique étrangère et de sécurité commune. Il faudra donc en examiner les implications.

79 Foreign and Commonwealth Office, *A Partnership of Nations: The British Approach to the European Union Intergovernmental Conference 1996*, Londres, mars 1996, p. 28.

80 *Ibid.*

Comme les modifications nécessaires au Traité ont été apportées à Maastricht en ce qui a trait à l'Union économique et monétaire, il semble y avoir peu de raisons d'y revenir au cours de cette série de négociations. Il est cependant probable que certaines des questions en suspens, comme l'interprétation des critères de convergence et les relations entre les pays visés par l'union monétaire et ceux qui ne le sont pas – le problème de ceux qui en sont et de ceux qui n'en sont pas –, feront l'objet de discussions, au moins dans les couloirs.

Aucune échéance n'est fixée à la CIG et celle-ci se prolongera sans doute jusqu'en 1997. M. Jim Wright (conseiller aux affaires politiques et sociales, Haut-commissariat du Canada à Londres) a confié au Comité que la CIG se prolongera probablement au-delà de l'élection britannique. Les opinions du Parti travailliste diffèrent de celles de l'actuel gouvernement sur beaucoup de questions, comme l'Union économique et monétaire, le traité de Maastricht, la politique étrangère et de sécurité commune, et le scrutin à la majorité qualifiée au Conseil des ministres.

Amorcée sous la présidence italienne, la CIG se poursuivra sous la présidence irlandaise qui commence en juillet 1996. Si la CIG se termine sous la présidence néerlandaise qui commence en janvier 1997, il n'est pas exclu qu'un nouveau traité soit signé à Maastricht. Cette possibilité en a amené plusieurs à utiliser le vocable «Maastricht II» en parlant de l'actuelle CIG.

D. Recommandation

Le Comité recommande que le gouvernement du Canada suive de très près les discussions qui auront lieu lors de la conférence intergouvernementale (CIG) de 1996. Nous notons en effet que certaines politiques qui pourraient avoir des répercussions sur les intérêts du Canada, comme la politique étrangère et de sécurité commune de l'UE et la politique de défense européenne, seront établies lors de la conférence. En conséquence, le ministère des Affaires étrangères et du Commerce international devrait déterminer l'opportunité d'affecter du personnel supplémentaire aux missions étrangères concernées durant la CIG, de manière que le gouvernement du Canada soit tenu au courant des décisions qui pourraient influencer sur les intérêts du Canada et puisse y réagir rapidement.

VII. L'ÉLARGISSEMENT DE L'UNION EUROPÉENNE

A. Introduction

D'ici une dizaine d'années environ, le nombre de pays membres de l'Union européenne, actuellement de 15, pourrait éventuellement grimper à 28. D'un point de vue interne, cet élargissement rend encore plus nécessaire la réforme du budget de l'UE et ses institutions. Du point de vue du Canada, l'élargissement de l'UE va entraîner une hausse des droits de douane sur certaines de nos exportations, ce qui nuira aux chances des entreprises canadiennes de se tailler une place sur les marchés en expansion de l'Europe centrale et de l'Europe de l'Est. Il est donc important que le Canada conclue avec l'UE d'autres ententes de réduction des tarifs douaniers dans les secteurs clés. Par ailleurs, l'élargissement de l'UE confèrera à celle-ci davantage de pouvoir au sein des organismes internationaux dont le Canada est membre, comme l'OCDE et l'OMC. À mesure que le nombre de pays membres de l'UE augmentera, celle-ci sera forcée de défendre un éventail toujours plus vastes d'intérêts nationaux, ce qui fera augmenter les sources potentielles de conflits entre l'UE et les pays de l'extérieur, y compris le Canada. L'élargissement de l'UE va aussi accroître le poids relatif de l'UE sur les plans économique et politique par rapport à celui du Canada.

B. Les membres éventuels de l'UE

Le 1^{er} janvier 1995, l'Union européenne s'est étendue à 15 États membres avec l'accession de l'Autriche, de la Finlande et de la Suède⁸¹. La Norvège avait également fait une demande d'adhésion à l'UE, mais la population l'a de nouveau rejetée à une majorité de 52,4 p. 100 lors du référendum national tenu en novembre 1994⁸².

À la réunion du Conseil européen tenue à Copenhague en juin 1993, l'UE s'est engagée à admettre d'autres membres. La Turquie, Chypre, et Malte sont depuis longtemps liées par des accords d'association qui ouvrent le marché de l'UE à leurs produits industriels.

81 L'accession de l'Autriche, de la Finlande et de la Suède à l'UE signifie que l'Espace économique européen (EEE) ne comprend plus que trois États qui ne font pas partie de l'UE, à savoir la Norvège, l'Islande et le Liechtenstein. Entré en vigueur le 1^{er} janvier 1994, l'EEE est une zone de libre-échange entre l'UE et les pays membres de la Zone européenne de libre-échange (moins la Suisse). À la suite de cette amputation, l'avenir de l'EEE paraît assez douteux.

82 Lors du référendum de 1972, la Norvège a rejeté l'adhésion à la CEE par une majorité de 53,5 p. 100.

Les trois ont demandé à devenir membres à part entière de l'UE. Chypre et Malte seront probablement admises rapidement, mais il est peu probable que la demande de la Turquie sera agréée⁸³.

C'est l'accession des pays de l'Europe du centre et de l'Est qui présente le plus grand défi à l'élargissement de l'UE. Depuis 1989, l'UE a conclu des «accords européens» avec la Bulgarie, l'Estonie, la Hongrie, la Lettonie, la Lituanie, la Pologne, la République tchèque, la Roumanie, la Slovaquie et la Slovénie. Ces accords portent essentiellement sur le dialogue politique, le libre-échange et la liberté de mouvement, la coopération économique, la coopération financière, et la coopération culturelle.

Au total, 13 pays ont demandé à se joindre à l'UE ou devraient le faire avant longtemps⁸⁴. L'UE a indiqué que tout pays associé de l'Europe du centre et de l'Est peut s'y joindre dès qu'il est «en mesure d'assumer les obligations qu'entraîne l'adhésion en répondant aux critères économiques et politiques». Des institutions démocratiques stables, le respect des minorités, une économie de marché compétitive, et l'aptitude à respecter les buts de l'union politique, économique et monétaire du traité de Maastricht font partie de ces conditions.

L'expansion à l'Est de l'UE est motivée au moins autant par des raisons géopolitiques et des impératifs de sécurité que par des considérations économiques. M. Steven Wolinetz (professeur de science politique à l'Université Memorial) a dit aux membres du Comité que les préoccupations de l'Allemagne au sujet de ses frontières orientales augmentent la probabilité que la Pologne, la République tchèque et la Hongrie soient admises dans l'Union.

La Russie a laissé clairement entendre qu'elle ne verrait pas d'un bon oeil que ses voisins de l'Europe du centre et de l'Est deviennent membres à part entière de l'OTAN. Elle ne s'oppose toutefois pas à l'élargissement de l'UE, malgré la politique étrangère et de sécurité commune que celle-ci se propose d'adopter. En se joignant à l'UE, les pays de

83 Une union douanière entre la Turquie et l'UE est entrée en vigueur le 1^{er} janvier 1996.

84 Foreign and Commonwealth Office, *A Partnership of Nations: The British Approach to the European Union Intergovernmental Conference 1996*, Londres, mars 1996, p. 6.

l'Europe du centre et de l'Est pourraient se donner un plus grand sentiment de sécurité sans provoquer chez la Russie une réaction aussi vive que s'ils adhéraient à l'OTAN. On a dit au Comité que, en plus de hausser le niveau de vie, leur adhésion à l'UE contribuerait à enraciner les réformes démocratiques et économiques dans les anciens pays communistes et que la stabilité politique et économique le long des frontières orientales de l'UE devrait s'en trouver accrue.

M^{me} Anne Leahy (ambassadeur du Canada en Pologne) a dit au Comité que la Pologne avait aussi amorcé un dialogue «structurel» avec l'UE au sujet des enjeux de l'élargissement, notamment dans le secteur de l'agriculture. La Pologne se rapproche déjà des normes de l'UE dans certains domaines, a-t-elle dit. Par exemple, le Parlement polonais a adopté en 1995 une loi qui forcerait l'harmonisation de toutes les normes établies dans l'avenir avec celles de l'UE. M. Pastusiak (vice-président du comité des relations étrangères du Sejm) a dit qu'il était important que la Pologne se joigne à l'Union européenne, car cela :

- consoliderait la reconstruction de l'économie de la Pologne;
- faciliterait l'élaboration d'une politique polonaise de protection de l'environnement;
- répondrait à la situation géopolitique;
- soutiendrait la démocratie;
- ouvrirait de nouveaux marchés à la Pologne;
- conférerait aux parties des avantages commerciaux mutuels en raison de la complémentarité des économies de la Pologne et de l'UE;
- susciterait un afflux de technologies nouvelles.

M. Andrzej Wiczorkiewicz (sous-secrétaire d'État et plénipotentiaire du gouvernement polonais pour les investissements étrangers) a expliqué que la Pologne souhaite devenir membre de l'UE pour consolider l'essor de sa propre économie grâce à un meilleur accès aux marchés, vu que certaines pratiques de l'UE restreignent les échanges. Il a précisé cependant que le souhait de la Pologne n'était pas motivé purement par des considérations économiques. La Pologne se considère elle-même comme un pays européen et elle voudrait «faire partie de la famille». Il a dit que la Pologne entendait se doter d'institutions répondant aux normes européennes dans les domaines de la démocratie et du droit.

Quel est l'échéancier prévu pour l'expansion de l'UE? Les négociations avec Chypre et Malte doivent commencer six mois après la fin de la CIG actuelle. Comme nous l'avons mentionné, le Conseil européen a accepté en principe l'adhésion à l'UE des pays de l'Europe du centre et de l'Est dès qu'ils pourront assumer les obligations qui en découlent. D'après M. Steven Nolinetz, les membres du Groupe de Visegrad, à savoir la Pologne, la Hongrie, la République tchèque et la Slovaquie, sont les candidats les plus probables de cette région⁸⁵. Évidemment, leur adhésion devra attendre que l'UE soit prête à les accepter. Le Conseil européen est d'avis que la capacité d'absorption de nouveaux membres sera une considération importante pour décider de l'élargissement de l'Union⁸⁶. Il se réunira durant la présidence irlandaise pour étudier les vues de la Commission sur les demandes d'adhésion de chaque État associé.

C. Les répercussions internes de l'élargissement

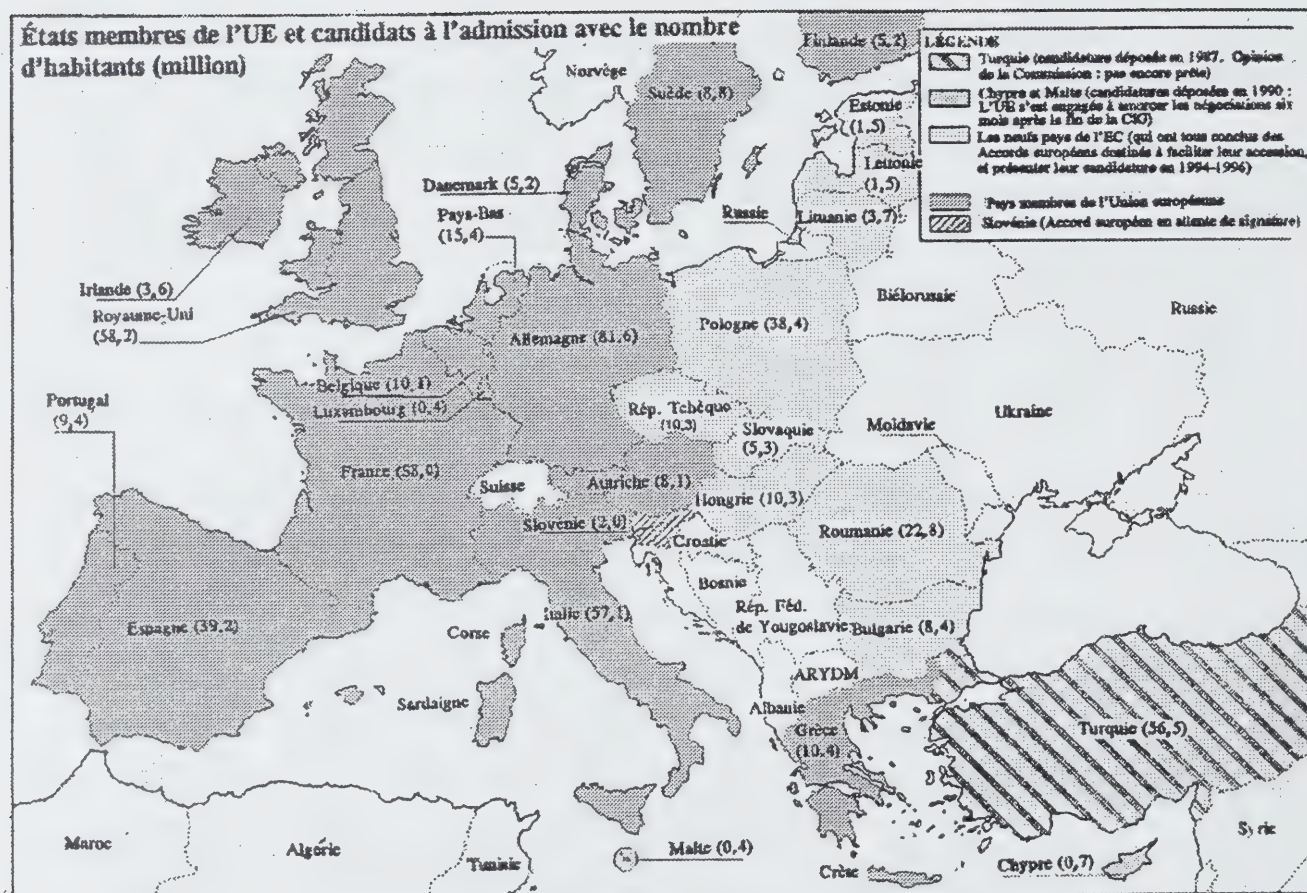
On s'est demandé si l'UE pouvait, tout en intensifiant son intégration politique, s'élargir et se diversifier davantage. Un rapport récent de la Commission exprimait ainsi le dilemme : «Comment améliorer nos capacités à décider et à agir alors que s'accroissent nos diversités? L'élargissement doit constituer un contrat nouveau passé dans la lucidité. Nous devons être conscients des implications de l'élargissement sur les institutions et les politiques de l'Union. Il n'y a pas de fatalité à ce qu'un mouvement fondé sur l'esprit d'ouverture et la solidarité se traduise par l'affaiblissement et l'éparpillement : élargissement et approfondissement sont parfaitement compatibles»⁸⁷.

85 Plus avancées sur le plan politique et économique, la Pologne, la Hongrie et la République tchèque ont plus de chances d'être admises prochainement que la Slovaquie aux yeux de M. Wolinetz.

86 Comme l'a dit M. Pentland, cette précision est importante, car elle signifie que l'UE est seul maître de l'élargissement. Si le Conseil européen décide que l'UE n'est pas prête à accepter de nouveaux membres, l'élargissement de l'UE n'aura pas lieu.

87 Commission européenne, *Conférence intergouvernementale 1996 - Rapport de la Commission pour le Groupe de réflexion*, Bruxelles, 1995.

Figure 7.1



Source: Foreign and Commonwealth Office, *A Partnership of Nations - The British Approach to the European Union Intergovernmental Conference, 1996*, Londres, mars 1996.

Les avis sont partagés au sein de l'UE au sujet de la question de savoir s'il faut élargir ou approfondir l'UE, c'est-à-dire améliorer ses politiques internes. Certains pays, comme la France, préféreraient que l'on approfondisse l'intégration européenne avant d'élargir de nouveau l'Union. D'autres, notamment la Grande-Bretagne, penchent pour le contraire. Lord Clinton-Davis, le président du Comité des transports de la Chambre des lords, a affirmé que certains partisans de l'élargissement de l'Union espéraient secrètement faire ainsi éclater l'Union, c'est-à-dire forcer celle-ci à relâcher son emprise sur certaines politiques comme la Politique agricole commune et les politiques structurelles. L'Allemagne, en revanche, semble être d'avis que l'UE doit mener les deux projets de front.

L'impact budgétaire de l'élargissement est à considérer. Les subventions versées dans le cadre de la Politique agricole commune (PAC) absorbent maintenant plus de 40 p. 100 du budget de la Communauté. En général, les pays d'Europe centrale et d'Europe de l'Est ont un caractère beaucoup plus rural que les membres actuels de l'UE. Dans celle-ci, seulement une personne sur 20 tire sa subsistance du sol. L'agriculture représente, en moyenne, 5,5 p. 100 du PIB de la Pologne, de la Hongrie, de la Slovaquie, de la Slovénie et de la République tchèque. Au sein de l'UE, l'agriculture compte pour moins de la moitié de ce pourcentage de l'économie.

Le Comité a entendu des vues différentes lorsqu'il s'est rendu en Pologne. M. Jacek Saryusz-Wolski (plénipotentiaire du gouvernement polonais pour l'intégration européenne) a affirmé que l'intégration de l'agriculture polonaise à celle de l'UE ne serait pas aussi difficile que certains semblent le croire. Il a fait remarquer que si l'agriculture est à l'origine de 7 p. 100 du PIB de la Pologne et si le quart de la population polonaise vit en région rurale, le quart seulement des ruraux participent à la production agricole. L'agriculture polonaise étant moins subventionnée que celle de l'UE, elle a une meilleure capacité d'adaptation. Les consommateurs polonais paieront plus cher leurs denrées alimentaires, mais M. Saryusz-Wolski a dit qu'il était possible de négocier des paiements compensatoires à leur intention.

Les indemnités versées aux régions moins développées au nom de la cohésion économique et sociale constituent un autre coût direct lié à l'élargissement. En 1994, plus de

30 p. 100 du budget de l'UE (environ 23 milliards d'écus) était consacré à l'aide versée aux régions démunies et arriérées et aux zones en déclin industriel. Une expansion de l'UE qui engloberait environ 70 millions de personnes en Europe centrale (Pologne, Hongrie, République tchèque, Slovaquie et Slovénie) et, à terme, les millions de plus en Europe de l'Est augmenterait sensiblement le coût de ces programmes. (Lorsque l'Espagne et le Portugal sont entrés dans la CE en 1986, le nombre de personnes vivant dans des régions où le revenu par habitant était inférieur à 75 p. 100 de la moyenne communautaire a doublé.)

Plusieurs solutions s'offrent à l'UE pour faire face aux conséquences budgétaires de l'élargissement. La première serait d'accroître les recettes, en augmentant soit le niveau des contributions des États membres, soit la TVA versée à l'UE. M. Jacques Delors a dit aux membres du Comité que l'UE *devra* décaisser davantage pour faire entrer les pays de l'Europe du centre et de l'Est dans l'Union. Selon lui, le budget de l'UE devra passer du ratio actuel de 1,2 p. 100 du PIB à un ratio de 1,6 p. 100 pour faire face à leur entrée. M. François Guillaume (vice-président, Commission des affaires étrangères, Assemblée nationale de France) a dit au Comité que les paiements effectués dans le cadre de la PAC grimperaient de 25 p. 100.

Une deuxième solution qui s'offre à l'UE serait de réduire les dépenses découlant de la Politique agricole commune et de la cohésion économique et sociale. D'après M. Delors, même si l'UE a réussi à réduire les paiements aux agriculteurs aux termes de la PAC dans le cadre des négociations de l'*Uruguay Round*, la France ne saurait les réduire davantage. Son avis n'est toutefois pas partagé par tout le monde. M. Kimon Valaskakis (ambassadeur du Canada auprès de l'OCDE) a indiqué aux membres du Comité, par exemple, qu'à son avis la France reconnaît de plus en plus que des mesures s'imposent au sujet de la PAC.

La France n'est pas le seul pays pour lequel l'élargissement pourrait entraîner des coûts. Les membres du Comité ont appris à Dublin que les paiements de transfert de l'UE représentaient 6 p. 100 du PNB de l'Irlande, ce qui en fait le principal bénéficiaire du régime. Un député irlandais a expliqué que l'Irlande était en faveur de l'élargissement puisque cela accroîtrait les marchés pour ses produits d'exportation, mais que la réduction éventuelle des

paiements de transfert l'inquiétait. D'autres pays, comme l'Espagne, le Portugal et la Grèce, qui reçoivent des montants considérables de l'UE dans le cadre des programmes agricoles et d'adaptation des structures, seraient également touchés. L'élargissement causera par ailleurs des problèmes de restructuration industrielle pour l'ensemble de l'UE.

Une troisième approche face à l'élargissement serait d'offrir aux nouveaux pays membres l'adhésion partielle, leur refusant ainsi l'accès aux régimes de la PAC et de la cohésion structurelle et sociale. Comme M. Steven Wolinetz l'a fait remarquer, cependant, une Europe à plusieurs vitesses serait une chose tout à fait nouvelle pour l'UE.

En dehors des conséquences budgétaires, l'élargissement exigerait une profonde réforme des institutions⁸⁸. Prenons la Commission européenne, par exemple. Elle compte actuellement 20 commissaires chargés chacun d'un portefeuille différent. Chaque pays membre nomme au moins un commissaire, alors que les grands pays -- l'Allemagne, la France, l'Italie, l'Espagne et le R.-U. -- en nomment chacun deux⁸⁹. Si l'UE s'étend à 25 ou 28 États membres, il faudra inventer de nouveaux portefeuilles, sinon certains pays ne seront pas représentés à la Commission. Une autre possibilité serait de créer deux catégories de commissaires, a) des membres à part entière et b) des sous-commissaires avec ou sans droit de vote.

Il faudrait probablement aussi rajuster le nombre des députés élus par chaque pays. Le Parlement européen compte actuellement 626 députés. On estime, de manière générale, que leur nombre ne saurait augmenter beaucoup sans dépasser le niveau optimal et produire un Parlement trop lourd. Certains ont recommandé de plafonner à 700 par exemple, le nombre de sièges au Parlement européen⁹⁰.

Le Conseil des ministres passerait de même de 15 à 25 membres ou plus. Cela pourrait nuire à son efficacité et exiger un rajustement du nombre de voix requises pour

88 La réforme institutionnelle figure déjà à l'ordre du jour de la CIG de 1996, mais l'élargissement éventuel de l'UE ajouterait sans doute à l'urgence de la question.

89 Le R.-U., par exemple, a deux commissaires : sir Leon Brittan (Commerce multilatéral, Relations avec les pays avancés) et Neil Kinnock (Transports).

90 *Rapport d'étape du président du Groupe de réflexion sur la Conférence intergouvernementale*, 1^{er} septembre 1995.

obtenir la majorité qualifiée. Leur sous-représentation au Conseil, surtout à la suite de l'adhésion de plusieurs petits pays, préoccupe les grands pays.

D. Les conséquences de l'élargissement pour le Canada

Depuis sa création en 1958, la CEE est passée de six à quinze membres, en quatre phases : 1973 (le Danemark, l'Irlande et le R.-U.); 1981 (la Grèce); 1986 (l'Espagne et le Portugal) et 1995 (l'Autriche, la Finlande et la Suède)⁹¹. Chaque nouvelle adhésion a étendu l'union douanière de la CE, qui exige l'application de la politique du commerce extérieur commune aux autres pays. L'harmonisation des politiques commerciales des nouveaux membres avec celle de la CE a réduit l'ouverture de leurs marchés à certains produits d'exportation du Canada.

L'Article XXIV du GATT autorise les partenaires commerciaux de la CE à négocier une forme d'indemnité pour les pertes de marchés, mais les pays de l'extérieur semblent insatisfaits des résultats. La négociation d'indemnités pour l'adhésion de nouveaux pays est souvent longue et ardue, sans aucune garantie que l'entente finale vienne compenser les échanges commerciaux perdus. Une indemnité sous forme d'ouverture accrue des marchés est souvent offerte pour une autre marchandise, voire un tout autre secteur. Cela tient au fait que les indemnités sont soigneusement choisies de manière qu'elles ne profitent qu'aux pays concernés par les négociations. Par exemple, le Canada a récemment obtenu des concessions comportant notamment un meilleur accès pour les exportations typiquement canadiennes comme les patins à glace, les machines à damer les pistes de ski et le blé dur (Voir ci-dessous.) Pour un pays de l'extérieur comme le Canada, insatisfait des indemnités offertes, les solutions sont peu nombreuses. Il est en effet difficile de prendre des mesures de rétorsion en relevant les droits de douane sur les importations d'un pays membre, de la Suède, par exemple, sans toucher du même coup les importations d'un autre.

L'adhésion du Royaume-Uni à la CEE en 1973, en particulier, a fait du tort aux exportations canadiennes de produits agricoles, surtout dans le cas du blé, de l'orge, du fromage, des oléagineux et des produits à base d'oléagineux. La principale exportation

91 À la suite de l'unification des deux Allemagne, la République démocratique allemande est devenue membre de la CE le 3 octobre 1990.

canadienne affectée par l'élargissement de 1973 a été le blé de haute qualité, et la demande d'indemnisation du Canada à cet égard n'est toujours pas satisfaite, plus de 23 ans plus tard. Lorsque le R.-U. s'est joint à la CEE, le Canada (et d'autres pays du Commonwealth) a perdu le bénéfice de la préférence accordée aux pays du Commonwealth, les droits britanniques sur les produits canadiens ont été portés au niveau de la CEE et des droits variables ont été imposés sur de nombreuses importations. En outre, les concurrents situés dans les autres pays de la CEE ont gagné un accès en franchise de droits au marché britannique, tandis que les subventions de la PAC stimulaient artificiellement la production agricole britannique. Enfin, certains pays non membres avec lesquels la CEE avait déjà conclu des ententes commerciales, comme les signataires des conventions de Lomé et les pays méditerranéens, ont bénéficié d'un accès préférentiel au marché britannique.

En ce qui concerne l'accession à l'UE de la Grèce (1981), de l'Espagne (1986) et du Portugal (1986), les droits de l'UE étaient en général inférieurs à ceux pratiqués par ces trois nouveaux membres, si bien que les exportations canadiennes en ont peu souffert, sauf les exportations de morue salée, de papier journal et d'orge à destination de l'Espagne et du Portugal. Bien que le directeur général du GATT de l'époque, Arthur Dunkel, ait statué dans un rapport d'arbitrage qu'il devrait y avoir une certaine continuité des échanges de morue salée non séchée, la question n'a jamais été résolue de façon satisfaisante aux yeux du Canada.

L'accès du papier journal canadien au marché européen continue de faire problème. Lorsque l'Espagne et le Portugal ont adhéré à la CE en 1986, la Communauté a refusé d'augmenter le contingent du Canada entrant sur le marché de la CE pour tenir compte des exportations établies de papier journal canadien à destination des marchés de ces pays. Le problème sera résolu en 2002 lors de l'élimination des droits de l'UE sur les importations de papier journal. La question de l'indemnisation du Canada pour la perte d'accès au marché des exportations canadiennes d'orge a été résolue en décembre 1995, presque dix ans après l'adhésion de l'Espagne et du Portugal à la CE.

L'élargissement le plus récent - l'Autriche, la Finlande et la Suède sont devenues membres de l'UE le 1er janvier 1995 - a donné lieu à un conflit entre le Canada et l'UE au sujet de la hausse des tarifs sur les exportations canadiennes de poisson et de fruits de

mer, d'aluminium, de bois et de motoneiges. Comme l'UE refusait d'accorder une indemnité provisoire, le gouvernement du Canada a annoncé en février 1995 qu'il haussait ses tarifs sur les importations de vodka, de parfums, de chaussures et de verrerie produits par l'UE⁹².

Le Canada a annoncé que les tarifs imposés (c.-à-d. les tarifs effectivement en vigueur à la frontière) seraient relevés d'abord sur les importations de vodka et d'articles en cristal au plomb si l'UE n'accordait pas au moins une indemnité partielle. Il hausserait par la suite les tarifs sur d'autres produits d'importation si une indemnité globale n'était pas consentie. À la suite d'une entente avec l'UE concernant l'accélération des réductions de tarif sur le papier journal dans le cadre de l'*Uruguay Round*, le Canada a toutefois retardé ces majorations de tarif.

Le 5 décembre 1995, le Canada et l'UE ont conclu une entente sur plusieurs questions en suspens, dont l'indemnisation du Canada à la suite de l'élargissement de l'UE. Outre la réduction des tarifs sur le papier journal acceptée préalablement, l'UE éliminera certains tarifs et accélérera des réductions déjà convenues. Elle éliminera les droits de douane sur certains produits en papier d'un intérêt particulier pour le Canada, sur les crevettes cuites et pelées, les patins à glace, la fonte, les machines à damer, les graines à canari, le blé durum (jusqu'à concurrence d'un contingent annuel de 50 000 tonnes) et l'avoine fourragère (jusqu'à concurrence de 10 000 tonnes). Elle réduira les droits (ou accélérera les réductions déjà convenues) sur le homard congelé, les produits du poisson, les motoneiges, le plomb, le zinc et les lames de tronçonneuses. L'UE ouvrira également davantage ses portes au porc canadien et accordera, au moment de la mise en oeuvre finale de l'entente issue de l'*Uruguay Round*, un contingent d'importation de porc canadien de 75 600 tonnes.

Au fur et à mesure des futurs élargissements de l'UE, le Canada et les autres pays non membres devront s'engager dans de nouvelles négociations pour avoir accès au marché européen de plus en plus fermé. Et, comme le faisait remarquer M. Lorenz Schomerus (secrétaire d'État au ministère allemand des Finances), le fait que certains des

92 Les tarifs sont «consolidés» lorsque les pays conviennent en vertu du GATT/OMC de ne pas les hausser au-delà d'un niveau donné.

membres potentiels de l'UE sont de gros producteurs agricoles pourrait donner lieu à l'érection d'autres barrières commerciales à l'endroit des pays de l'extérieur.

Le Comité a appris que le Canada disposait d'au moins un allié au sein de l'UE. M. Schomerus lui a confié que l'Allemagne n'a cessé de plaider pour que l'élargissement n'entrave pas la libéralisation du commerce. Autrement dit, les partenaires commerciaux actuels ne devraient se heurter à aucune nouvelle barrière commerciale. D'après M. Schomerus, l'Allemagne entend adopter une position ferme à ce sujet lors des futurs élargissements. À son avis, l'intégration régionale ne devrait pas nuire à la libéralisation du commerce multilatéral. De plus, l'ouverture d'une nouvelle série de négociations commerciales multilatérales est prioritaire, a-t-il dit.

Le commissaire européen au commerce multilatéral, sir Leon Brittan, a déclaré aux membres du Comité que le Canada avait négocié, «à sa satisfaction, semble-t-il», une forme d'indemnité lors des élargissements antérieurs. Il a toutefois indiqué que la Commission mènerait une étude pour déterminer si les prochains élargissements donneront lieu à de nouvelles barrières commerciales pour les autres pays.

Le Comité a appris que les exportations du Canada dans les pays d'Europe centrale pourraient déjà subir le contrecoup des élargissements futurs de l'UE. En effet, lorsque les pays adhèrent à l'Organisation mondiale du commerce (OMC), on les encourage généralement à réduire leurs tarifs douaniers. Or, les candidats à l'UE ne sont pas incités de la même manière à baisser leurs droits de douane à ce moment-là parce que l'UE ne veut pas avoir à accorder des indemnités lorsqu'ils deviendront membres de l'Union.

Le Comité a reçu de bons conseils de M. Christopher Thomson (représentant permanent adjoint du Canada auprès de l'OCDE) au sujet de l'élargissement. Quand on lui a demandé comment le Canada devrait réagir aux futurs élargissements de l'UE, il a répondu que le Canada devrait constamment «relever le niveau» des ententes conclues avec l'UE. À son avis, l'UE peut se trouver liée à bien des égards par de nouvelles ententes, comme celles conclues au sein de l'OCDE et de l'OMC. Si l'on négociait par exemple une nouvelle série de réductions des droits de douane de l'UE, il y aurait moins de chances que les nouveaux

membres de l'UE soient forcés de réviser leurs droits de douane à la hausse par souci d'harmonisation et donc que le flux des échanges commerciaux ne soit bouleversé.

Son incidence sur l'influence de l'Europe au sein d'organisations internationales comme l'OMC et l'OCDE est une autre question qui a été soulevée concernant l'élargissement de l'UE. Kimon Valaskakis (ambassadeur du Canada auprès de l'OCDE) a expliqué que 20 des 26 pays membres de l'OCDE, par exemple, sont des pays européens⁹³. Le fait que l'EU soit le principal intervenant au sein de l'OCDE est une chose dont le Canada et les autres pays européens doivent tenir compte. Le Comité remarque que des mésententes ont éclaté, ces dernières années, tant à l'OCDE qu'à l'OMC, sur l'opportunité d'en confier la direction à un Nord-Américain ou à un Européen. À mesure que l'UE prendra de l'expansion, son poids économique et politique augmentera au sein des organisations internationales⁹⁴.

Enfin, il importe d'aborder la question des conséquences éventuelles de l'élargissement de l'UE sur le plan des différends internationaux. Deux éléments sont importants ici. Premièrement, actuellement, un seul différend concernant surtout les intérêts d'un État membre peut à lui seul compromettre les relations du Canada avec l'ensemble de l'UE. À preuve, l'interruption, en juin 1996, des négociations sur le plan d'action Canada-EU à cause des objections de l'UE concernant les politiques du Canada dans le domaine de la pêche, et notamment l'application extraterritoriale de la loi canadienne prévue dans le projet de loi C-29. À mesure que le nombre d'États membres progressera, l'UE devra défendre un nombre croissant d'intérêts nationaux variés, ce qui pourrait multiplier les risques de différends avec l'UE.

Le deuxième élément concerne le déséquilibre des forces lorsqu'un pays de taille moyenne comme le Canada négocie avec un gros bloc de pays comme l'UE. Le Canada souffre déjà d'un net désavantage, lui qui doit négocier avec une UE de 15 membres dont le PIB représente plus de dix fois le sien. Si l'UE s'élargit pour atteindre éventuellement 28

93 Sur les 20 pays d'Europe membres de l'OCDE, 15 sont membres de l'Union européenne, ce qui confère à celle-ci la majorité au sein de l'OCDE.

94 L'OCDE diffère en quelque sorte puisque les pays européens peuvent s'exprimer plus librement et en profitent même pour critiquer la Commission européenne. Au sein de l'OMC, les membres de l'UE sont censés adhérer à une politique commerciale unique.

membres, son poids économique et politique relatif augmentera en conséquence, ce qui placera le Canada dans une position de négociation de plus en plus désavantageuse.

E. Conclusion et recommandations

Le Comité craint que les élargissements futurs de l'UE n'aient des conséquences fâcheuses sur les flux des échanges et des investissements du Canada. Certes, ceux-ci sont encore relativement modestes avec les pays d'Europe centrale et d'Europe de l'Est, mais les réformes économiques suscitent dans certains de ces pays un essor rapide. Dans dix ans, ces pays pourraient représenter des marchés potentiels importants pour les exportations canadiennes. L'adhésion à l'UE va stimuler leur croissance économique, mais risque de restreindre l'accès des exportations canadiennes à ces marchés prometteurs.

Le Comité recommande que le gouvernement du Canada suive de près les discussions entre l'Union européenne et les nouveaux membres potentiels afin de préparer une stratégie pour composer avec l'élargissement de l'UE. Nous recommandons que cette stratégie comporte les éléments suivants :

Premièrement, le gouvernement du Canada devrait immédiatement faire faire une analyse des répercussions potentielles sur le Canada de l'élargissement futur de l'UE. Cette analyse devrait porter sur trois aspects :

- 1) le détournement potentiel des échanges;**
- 2) le détournement potentiel des investissements;**
- 3) les conséquences sur la prise des décisions dans les institutions dont le Canada est membre.**

Deuxièmement, le Comité estime que le Canada doit impérativement chercher à relever le niveau des ententes internationales, autrement dit faire adopter des règles contraignantes pour l'UE sur le plan de l'imposition de nouvelles restrictions des échanges. Plus important encore, le gouvernement du Canada doit exercer des pressions en vue de la négociation d'une nouvelle série de réductions multilatérales des droits de douane. La priorité doit être donnée à la conclusion d'une entente qui supprimerait ou réduirait les droits sur les exportations canadiennes qui, selon l'analyse mentionnée ci-haut, seraient vraisemblablement les plus touchées par l'élargissement de l'UE. Dans la mesure où l'UE acceptera de fixer ses droits à un niveau nul (ou très faible), les nouveaux membres de l'UE ne seront pas

forcés de relever leurs propres droits de douane pour les harmoniser avec ceux de l'UE.

Le Comité a recommandé au chapitre III que Statistique Canada effectue une analyse en vue de déterminer dans quels secteurs le Canada perd du terrain au profit de ses concurrents sur le marché des importations de l'UE. Dans certains cas, ces concurrents ont accès au marché de l'UE à des conditions plus favorables que celles dont bénéficie le Canada. Le ministre du Commerce international a dit au Comité que le Canada était l'un des rares pays qui n'ont pas un accès préférentiel au marché de l'UE. Par conséquent, le Comité recommande que le gouvernement du Canada cherche à obtenir des réductions des droits de douane dans les secteurs où le Canada a perdu des parts de marché au profit de ceux de ses concurrents qui bénéficient de meilleures conditions d'accès au marché de l'UE.

Troisièmement, le Comité recommande que le gouvernement canadien entreprenne, dès que possible, des discussions avec l'Union européenne sur les élargissements proposés. Il est important d'entreprendre ces discussions sans tarder afin qu'une bonne formule de compensation pour le Canada soit déjà au point au moment où les nouveaux membres seront admis dans l'UE.

Quatrièmement, il faudrait conclure le plus tôt possible les négociations en cours avec l'UE, comme celles qui ont trait à la reconnaissance mutuelle, à l'Accord sur les télécommunications, à l'Accord sur la technologie de l'information et à l'Accord multilatéral sur les investissements. Le domaine le plus difficile, la libéralisation du commerce des produits agricoles, devra peut-être attendre jusqu'en 1999, date à laquelle l'Accord sur l'agriculture de l'Organisation mondiale du commerce (OMC) prévoit le lancement d'une nouvelle série de négociations sur les produits agricoles.

Cinquièmement, la position de l'Allemagne, pour qui l'expansion de l'UE ne devrait pas donner lieu à un relèvement des barrières commerciales envers les autres pays, a impressionné les membres du Comité. Nous recommandons que le gouvernement du Canada tienne des consultations régulières avec le gouvernement allemand et, lorsqu'il y a lieu, avec les gouvernements d'autres pays membres de l'UE pour s'assurer que l'intégration régionale n'aille pas à l'encontre de la libéralisation multilatérale des échanges. À cet égard, le Comité recommande que le gouvernement veille à ce que ses relations bilatérales avec les divers États membres de l'UE ne s'affaiblissent pas. En outre, nous recommandons que le gouvernement réexamine la répartition de son personnel et de ses ressources par rapport à certains pays européens. Par exemple, les ressources consacrées à l'Allemagne sont-elles proportionnées au rôle que ce pays joue maintenant au sein de l'UE?

Sixièmement, le Comité recommande que des représentants du ministère des Affaires étrangères et du Commerce international soient invités à comparaître deux fois par an devant le Comité sénatorial permanent des affaires étrangères pour faire rapport sur :

- 1) les derniers développements relativement aux plans de l'UE concernant l'adhésion de nouveaux membres;
- 2) la façon dont le gouvernement du Canada compose avec l'élargissement de l'UE.

VIII. La politique étrangère et de sécurité commune

A. Introduction

La politique étrangère et de sécurité commune (PESC) adoptée aux termes du traité de Maastricht devait permettre à l'UE de projeter son identité sur la scène mondiale. Or, la réticence ou l'incapacité de l'UE à agir dans le dossier de l'ex-Yougoslavie a forcé l'UE à repenser le fonctionnement de la PESC. La conférence intergouvernementale étudie des améliorations possibles de la PESC, mais seule la volonté collective d'agir des États membres peut aboutir à l'adoption de politiques vigoureuses. Pour le moment, l'élaboration de la politique étrangère de l'Europe continuera de se faire au niveau des États membres. La création d'une identité de défense européenne se fera vraisemblablement dans le contexte de l'OTAN et non sous la forme d'un pilier distinct. L'OTAN demeurera l'assise de la sécurité européenne, de sorte que le soutien du Canada et des États-Unis à l'OTAN continuera d'être important.

B. Les origines de la coopération sur le plan politique en Europe

La menace d'une invasion soviétique a amené la création de plusieurs organisations de défense dans l'Europe de l'après-guerre. La première, l'Organisation du Traité de Bruxelles (OTB), instituée en 1948, comprenait à l'origine la Grande-Bretagne, la France et le Bénélux. En 1954, elle a changé de nom pour devenir l'Union de l'Europe occidentale (UEO), et l'Italie et l'Allemagne de l'Ouest en sont devenues membres.

Cependant, la signature du Traité de l'Atlantique Nord (TAN) en avril 1949 avait déjà réduit l'importance de l'UEO. L'Organisation du Traité de l'Atlantique Nord (OTAN) consacrait l'alliance des États-Unis, du Canada, des pays de l'OTB, du Danemark, de l'Italie, de la Norvège, de l'Islande et du Portugal. L'OTAN avait pour but d'assurer la sécurité collective de l'Europe, l'article 5 du Traité portant qu'une attaque contre un de ses membres pays serait considérée comme une attaque contre tous ses membres. [TRADUCTION] «On partait du principe que la mise en place d'un bouclier militaire approprié contribuerait à convaincre Moscou que toute agression susciterait une opposition. À

long terme, la reprise économique dans les pays d'Europe occidentale donnerait à ceux-ci les moyens d'assurer leur propre défense»⁹⁵.

Les Canadiens sont fidèles à l'OTAN depuis sa formation. [TRADUCTION]
«Tant que pesait le danger d'un holocauste nucléaire qui engloutirait le Canada, la plupart des Canadiens souscrivaient à l'OTAN et à sa politique à deux volets de défense et de dissuasion d'une part, et de dialogue et de détente, d'autre part. Quel que soit le gouvernement au pouvoir, le Canada a toujours eu pour politique de contribuer à l'alliance sur les plans militaire et diplomatique. D'ailleurs, la politique de défense du Canada était axée presque exclusivement sur les besoins de l'OTAN. Les guerres auxquelles le Canada avait participé lui avaient appris deux leçons : qu'il est plus coûteux de mener une guerre que d'en prévenir une et que la stabilité de l'Europe a des répercussions directes sur la sécurité de l'Amérique du Nord, et qu'en fait la sécurité de l'une est indissociable de celle de l'autre»⁹⁶.

L'invasion de la Corée du Sud par la Corée du Nord en juin 1950 a suscité en Europe la crainte d'une invasion éventuelle par les Soviétiques et, comme conséquence, des pressions en vue de l'accroissement de la capacité de défense de l'Europe. Les États-Unis voulaient réarmer l'Allemagne, mais certains pays, notamment la France, hésitaient à s'engager dans cette voie si peu de temps après la guerre. L'idée d'une communauté européenne de défense (CED), élaborée par Jean Monnet et proposée par le premier ministre de la France, René Pleven, en octobre 1950, reposait sur des principes analogues à ceux de la Communauté européenne du charbon et de l'acier (CECA) – un budget commun, un conseil des ministres et un ministère européen de la défense. Comme l'a dit un analyste, «l'idée essentielle de la proposition consistait à armer les Allemands, pas l'Allemagne»⁹⁷.

Le Traité de la Communauté européenne de défense a été signé en mai 1952 par les six États membres de la CECA et ratifié par l'Allemagne et le Bénélux. Cependant,

95 Jonathan Story, «Europe in the global state and market system» dans Jonathan Story (sous la direction de), *The New Europe, Politics, Government and Economy since 1945*, Blackwell, Oxford, R.-U., 1992, p. 18.

96 John Halstead, «International Security Institutions: NATO and the CSCE», *Canadian Foreign Policy*, printemps 1994, p. 48.

97 Trevor C. Salmon, «The Union, CFSP and the European Security Debate», dans *The European Community and the Challenge of the Future*, 2e édition, sous la direction de Juliet Lodge, St. Martin's Press, New York, 1993, p. 253.

l'Assemblée nationale de la France, éprouvant toujours des réserves au sujet du réarmement de l'Allemagne, a refusé de ratifier le traité, si bien que la CED n'a jamais vu le jour. Il importe de mentionner ce traité, car il aurait entraîné la création d'une véritable identité de défense européenne sous le parapluie de l'OTAN, une idée que l'Union européenne est décidée à concrétiser.

Un projet d'union politique des six États membres de la CEE a été proposé en 1962 par un comité présidé par Christian Fouchet, ambassadeur de France au Danemark. Ce projet aussi a échoué parce que les pays membres n'ont pas réussi à s'entendre en commission sur la nature de l'union politique projetée.

En 1969, le sommet de La Haye a réclamé qu'on active les travaux sur l'union économique et politique. Ont suivi les sommets de Paris de 1972 et 1974 lors desquels on s'est donné l'objectif déclaré de réaliser l'union européenne d'ici à 1980. Le rapport Tindemans, rédigé à la demande des dirigeants de la CE, proposait un plan en vue de la réalisation de l'union économique et monétaire, de la réforme des institutions de la CEE, de la mise en oeuvre d'une politique étrangère commune et de l'institution de politiques régionales et sociales communes. Une fois encore, les divergences de vues entre les États membres au sujet des réformes constitutionnelles et institutionnelles essentielles ont fait achopper le projet.

Si le projet Tindemans est finalement resté lettre morte, les États membres ont en revanche souscrit en 1970 au rapport Davignon (du nom du directeur politique du ministère des Affaires étrangères de la Belgique) lequel a abouti à un processus appelé la Coopération politique européenne (CPE). Ce mécanisme prévoyait que les ministres des Affaires étrangères de la CE se rencontreraient au moins deux fois par an pour discuter de questions de politique étrangère et que les hauts fonctionnaires des États membres auraient des contacts suivis. On cherchait ainsi à améliorer les communications entre les membres et à se donner une position commune sur les grandes questions de politique étrangère.

En 1984, un projet de traité instituant l'Union européenne a été soumis par le Parlement européen. Il aurait transféré à l'Union de nouvelles compétences, notamment en

matière de politique étrangère. Une fois de plus, les propositions se sont révélées trop hasardeuses pour que les États membres y souscrivent.

L'Acte unique européen de 1987 proposait un cadre juridique pour les fins de la CPE, mais le processus conservait un caractère purement intergouvernemental. Il présentait l'inconvénient d'exiger l'unanimité sur les positions communes et limitait les discussions sur la sécurité à des considérations d'ordre politique et économique. La CE n'ayant pas réussi à s'entendre sur une action concertée durant la guerre du Golfe de 1991 et ne pouvant pas rester passive vis-à-vis de la situation dans l'ex-Yougoslavie, il a fallu réévaluer son rôle éventuel sur le plan de la politique étrangère.

C. La politique étrangère et de sécurité commune

Plusieurs événements liés entre eux se sont produits en 1989 et 1990 — l'éclatement de l'Union soviétique, la destruction du mur de Berlin et l'unification des deux Allemagne — qui ont amené des leaders politiques comme le chancelier de l'Allemagne, Helmut Kohl, et le président de la France, François Mitterrand, à réclamer une plus grande intégration politique de l'Europe. On cherchait ainsi à mieux ancrer l'Allemagne au sein de l'Europe. Il a donc été convenu, lors du Conseil européen de Dublin d'avril 1990, d'instituer la Conférence intergouvernementale sur l'union politique. Les résultats de cette conférence ont formé les bases du traité de Maastricht instituant l'Union européenne, lequel comprend la politique étrangère et de sécurité commune (PESC).

La politique étrangère et de sécurité commune, ainsi que la justice et les affaires intérieures relèvent des titres V et VI du traité de Maastricht. Ces deux secteurs correspondent aux deuxième et troisième piliers de l'Union européenne au sujet desquels les décisions doivent être prises sur une base intergouvernementale. Autrement dit, les États membres ne sont pas convenus de renoncer à leur pouvoir final de décision dans ces domaines au profit des autorités supranationales de la CE-- la Commission, le Parlement et la Cour de justice.

Objectifs de la politique étrangère et de sécurité commune

- sauvegarde des valeurs communes, des intérêts fondamentaux et de l'indépendance de l'Union;
- renforcement de la sécurité de l'Union et de ses États membres sous toutes ses formes;
- maintien de la paix et renforcement de la sécurité internationale, conformément aux principes de la Charte des Nations unies ainsi qu'aux principes et aux objectifs de la Conférence sur la sécurité et la coopération en Europe (CSCE) énoncés dans l'Acte final d'Helsinki de 1975 et dans la Charte de Paris de 1990;
- promotion de la coopération internationale;
- développement et renforcement de la démocratie et de l'État de droit, sauvegarde des droits de l'homme et des libertés fondamentales⁹⁸.

Le titre V du traité de Maastricht prévoit une procédure intergouvernementale relativement à l'établissement, par les chefs de gouvernement au Conseil européen, des principes et lignes directrices de la politique étrangère et de sécurité commune. Les décisions du Conseil⁹⁹ relativement à la définition et à la mise en oeuvre de la PESC doivent être prises à l'unanimité. Deux mécanismes permettent l'application de la PESC :

- (1) les positions communes, «destinées à rendre la coopération plus systématique et mieux coordonnée»¹⁰⁰. Les États membres doivent veiller à ce que leurs politiques nationales soient conformes aux positions communes et doivent défendre les positions communes dans les tribunes internationales. Pour faciliter l'adoption de positions communes, les États membres ont déclaré qu'ils éviteraient dans la mesure du possible de se servir de leur droit de veto lorsqu'il y aurait une majorité qualifiée en faveur d'une position.
- (2) des «actions communes par lesquelles des ressources de toute nature (ressources humaines, savoir-faire, finances, matériel, etc.) sont mises en oeuvre pour atteindre les objectifs concrets retenus. Ces actions communes engagent également les États membres. Bien que l'adoption de ces actions requière l'unanimité, leur mode précis de mise en oeuvre peut être arrêté à la majorité qualifiée»¹⁰¹.

98 *Traité sur l'Union européenne*, article J.1.

99 Par «Conseil» on entend ici le Conseil de l'Union européenne, anciennement le Conseil des ministres.

100 Commission européenne, *Conférence intergouvernementale de 1996, Rapport de la Commission pour le Groupe de réflexion*, mai 1995, p. 62.

101 *Ibid.*

Le traité de Maastricht indique clairement que les questions de sécurité relèvent de la PESC. «La politique étrangère et de sécurité commune inclut l'ensemble des questions relatives à la sécurité de l'Union européenne, y compris la définition à terme d'une politique de défense commune, qui pourrait conduire, le moment venu, à une défense commune¹⁰²». Encore une fois, «l'UEO sera développée en tant que composante de défense de l'Union européenne et comme moyen de renforcer le pilier européen de l'Alliance atlantique»¹⁰³. Pour le moment, les questions touchant la défense sont assujetties au principe de l'unanimité.

D. Évaluation opérationnelle de la PESC

8.14 Vu les des grands espoirs suscités par la PESC lors de son institution par le traité de Maastricht en novembre 1993, ses résultats sont décevants. Comme l'a expliqué Geoffrey Howe, secrétaire au Foreign Office, [TRADUCTION]«les dispositions sur le vote à la majorité qualifiée n'ont jamais été invoquées. On a entrepris relativement peu d'actions communes. Le budget de la PESC est immobilisé par la controverse, paralysé par la réticence des divers pays à le financer et par une certaine hésitation à laisser l'Union européenne le faire par crainte des pouvoirs que l'on risquerait ainsi de conférer au Parlement européen. Cela me rappelle un mot de Charles Péguy : "Tout commence en mystique et finit en politique. Nous avons été ramenés aux réalités. Les choses auraient pu mieux se passer s'il n'y avait pas eu la crise yougoslave, mais l'histoire ne nous a pas fait ce cadeau"¹⁰⁴.

La Commission européenne a formulé des critiques analogues à l'endroit de la PESC. Selon un rapport de la Commission, si la coopération et la coordination de la politique étrangère sont meilleures sous la PESC qu'elles ne l'étaient sous la CPE, «l'objectif, qui était d'obtenir une amélioration substantielle, n'a cependant pas été atteint»¹⁰⁵. Il y a aussi un certain flou quant au rôle des mécanismes («positions communes» ou «actions communes»). Si la PESC a manqué d'efficacité, c'est également, selon la Commission, parce qu'on s'en est

102 *Traité sur l'Union européenne*, article J.4.

103 *Traité sur l'Union européenne*, Déclaration relative à l'Union de l'Europe occidentale (n° 30) (Introduction).

104 Geoffrey Howe, «Bearing more of the Burden: In Search of a European Foreign and Security Policy», *The World Today*, janvier 1996, p. 23.

105 Commission européenne, *Conférence intergouvernementale de 1996, Rapport de la Commission pour le Groupe de réflexion*, mai 1995, p. 63.

tenu aux votes unanimes, même si le Traité permet des votes à la majorité qualifiée. «L'unanimité et les déclarations continuent à prédominer (ces dernières au rythme d'environ deux par semaine, bien qu'elles ne soient pas prévues par le Traité)»¹⁰⁶.

Cependant, rien ne prouve que l'incapacité de l'UE d'agir de façon décisive, comme dans le cas de l'ex-Yougoslavie, soit imputable à la règle du vote unanime. Certains sont d'avis que même un recours accru aux votes à la majorité qualifiée n'aurait pas abouti à une politique plus résolue. La vraie raison de l'inertie de l'UE au sujet de la Yougoslavie tenait à l'absence de volonté politique de la part des États membres eux-mêmes¹⁰⁷. La Commission a dit : «À titre préalable, il convient de souligner qu'une politique étrangère et de sécurité commune ne peut se développer sans une volonté politique affirmée des États membres et des objectifs clairement définis»¹⁰⁸.

Certains des problèmes mentionnés par la Commission tiennent aux rapports entre les trois piliers de l'UE. Les positions communes arrêtées en vertu de la PESC (deuxième pilier) sont exécutoires, mais les mesures prises pour réaliser les objectifs (comme les embargos, par exemple) doivent l'être légalement, en vertu des traités de la Communauté (premier pilier). L'absence de liens adéquats entre les piliers aboutit parfois à la création parallèle de deux instruments du Conseil, (1) une réglementation communautaire aux termes des traités de la Communauté et (2) une position commune aux termes de la PESC. On n'a pas non plus réglé la question de savoir si les dépenses liées à la PESC devaient être imputées au budget de la Communauté (le premier pilier) ou à ceux des États membres (le deuxième pilier).

106 *Ibid.*, p. 64.

107 Geoffrey Howe, «Bearing More of the Burden: In Search of a European Foreign and Security Policy», *The World Today*, janvier 1996, p. 23.

108 Commission européenne. *Conférence intergouvernementale de 1996, Avis de la Commission, Renforcer l'Union politique et préparer l'élargissement*, Bruxelles, février 1996, p. 16.

Les aspects de sécurité et de défense de la PESC présentent aussi d'autres difficultés. Cette «connexion» entre l'UE et l'UEO, laquelle est censée représenter l'identité de défense de l'UE, «n'a été utilisée que rarement et avec un succès mitigé»¹⁰⁹. Un des problèmes qui compliquent l'organisation de la défense de l'UE est le chevauchement des adhésions à l'UE, à l'UEO et à l'OTAN. Comme on le voit à la figure 8.2, cinq États membres de l'UE ne sont pas membres à part entière de l'UEO (Irlande, Autriche, Finlande, Suède et Danemark). Certains estiment peu réaliste, voire dangereuse, la fusion éventuelle de l'UE et de l'UEO tant que certains pays ne sont pas prêts à contribuer à la défense commune ou à prendre des engagements en matière de sécurité mutuelle¹¹⁰. Le gouvernement irlandais, par exemple, n'a pas l'intention de demander l'adhésion de l'Irlande ni à l'OTAN ni à l'UEO¹¹¹, non plus que de prendre des engagements en matière de sécurité mutuelle, en dépit de son statut d'observateur à l'UEO. Si les États membres de l'UE qui ont un statut neutre, comme l'Irlande, ne veulent pas contribuer à la défense collective du territoire, ils pourraient en revanche être disposés à participer à des opérations à caractère humanitaire, de maintien de la paix ou de gestion de crise.

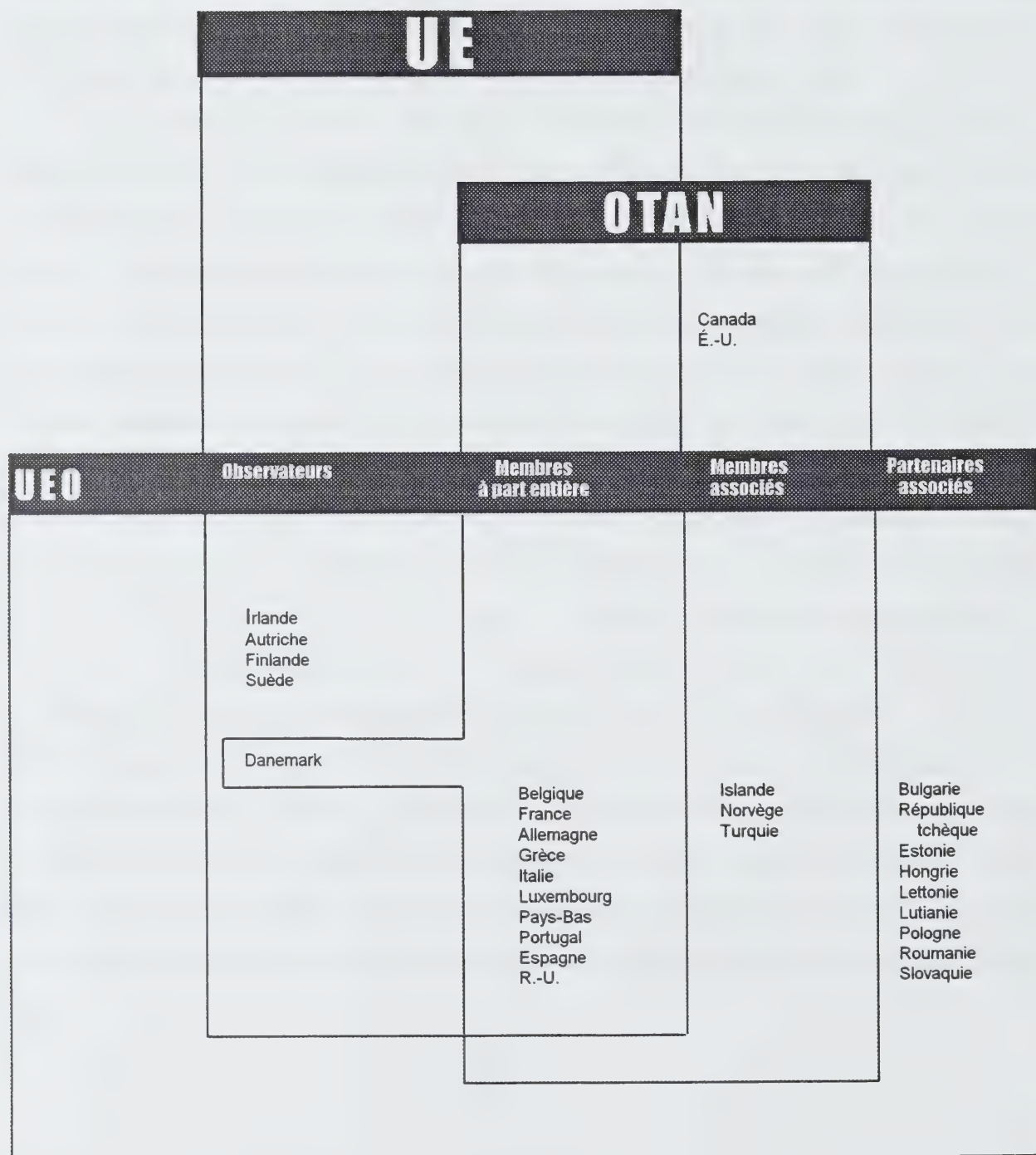
Des mesures ont été prises en vue d'appliquer certains aspects de la PESC en matière de sécurité. La déclaration du sommet de l'OTAN de janvier 1994 autorise les États européens membres de l'OTAN à se servir des installations et des ressources de l'Alliance pour celles de leurs opérations qui relèvent de la force opérationnelle mixte interarmées. Le siège de l'UEO a été transféré de Londres à Bruxelles, ce qui facilite les contacts entre l'UE et l'OTAN et favorise le développement de la capacité opérationnelle de l'UEO. En outre, la

109 *Ibid.*, p. 66.

110 Geoffrey Howe, «Bearing More of the Burden: In Search of a European Foreign and Security Policy», *The World Today*, janvier 1996, p. 23.

111 Irlande, Département des Affaires étrangères, *Challenges and Opportunities Abroad*, Livre blanc sur la politique étrangère, Dublin, p. 119.

Figure 8.1



constitution d'une armée européenne mixte est de bon augure. La Commission a institué une nouvelle direction générale chargée des relations politiques extérieures dotée du personnel qui traitait de ces questions sous la CPE. La structure et les attributions de la direction générale ont été révisées à la fin de 1994.

E. Changements proposés

En préparation de la conférence intergouvernementale (CIG) de 1996, le Conseil européen a demandé à un groupe d'experts (dit «Groupe de réflexion») présidé par M. Carlos Westendorp, d'étudier les changements que devra faire l'Union européenne pour relever les défis qui la confrontent à l'externe et à l'interne. Voici certaines idées proposées par le Groupe de réflexion :

- donner à l'Union européenne une personnalité juridique l'habilitant à signer des traités internationaux se rapportant aux piliers 2 et 3;
- préciser la nature des divers instruments; par exemple, clarifier la différence entre positions communes et actions communes;
- donner une plus grande cohésion aux actions mettant en jeu plus d'un pilier;
- établir une analyse, une prévision, un système d'avertissement avancé et une cellule de planification pour préparer une politique étrangère commune;
- accroître la fréquence des votes à la majorité au Conseil et explorer d'autres modalités *ad hoc*, comme l'«unanimité moins un», la «majorité surqualifiée», etc.;
- personnifier la PESC par un M. ou une M^{me} PESC;
- établir des procédures particulières permettant l'accès aux fonds pour agir rapidement; selon certains, la PESC devrait être financée à partir du budget de la Communauté;
- développer les capacités opérationnelles de l'UEO;
- préserver la nature intergouvernementale des décisions liées à la participation militaire;
- continuer d'améliorer les relations entre l'UE et l'UEO;
- intégrer graduellement l'UEO dans l'UE, parallèlement au développement des capacités opérationnelles de l'Europe.

F. L'intégration européenne et l'OTAN

On convient généralement que l'Europe devra assumer financièrement une plus grande part de sa propre défense. Et, selon toutes les opinions entendues par le Comité en Europe, l'OTAN continuera d'être nécessaire au maintien de la sécurité européenne. Autrement dit, on reconnaît que l'Europe doit développer sa sécurité au sein de l'OTAN, plutôt que d'en faire un pilier autonome. Cela, en bonne partie parce que les Européens ne peuvent tout simplement pas se permettre de dédoubler tous les actifs de l'OTAN, en particulier ses infrastructures de renseignement et de transport¹¹². En outre, le retour de la France à la commission militaire de l'OTAN après trente ans d'absence rend plus facile d'envisager une identité militaire européenne à l'intérieur de l'OTAN¹¹³. M. Jürgen Trumpf, secrétaire général du Conseil de l'Union européenne, a dit au Comité que le changement de la politique française envers l'OTAN avait remis en cause le rôle de l'UEO comme organe de la défense de l'UE. Jusqu'à ce jour, a-t-il dit, l'UEO ne s'est pas développée comme prévu.

M. Jacques Delors a dit au Comité qu'il favorisait l'intégration complète de la France au sein de l'OTAN, et qu'il était utopique de penser que l'Europe aurait sa propre infrastructure de défense. Il doute qu'une autre structure militaire soit nécessaire, alors que l'OTAN existe déjà. Il a déclaré que le pilier de la défense européenne pourrait agir seul (sans les États-Unis), mais en faisant appel à l'infrastructure de l'OTAN.

Jusqu'ici cependant, l'UE a semblé incapable d'intervenir militairement sans les États-Unis, ce qui est une autre raison pour laquelle l'OTAN continuera d'être nécessaire en Europe. Comme M. Joe Wilson, député au Parlement européen, l'a dit au Comité, quand les États-Unis décident d'agir, ils agissent; pour sa part, l'UE passe le plus clair de son temps à se chamailler. L'incapacité de l'Union d'agir de manière décisive sans la participation de l'OTAN a été une expérience humiliante pour ceux qui croyaient que la PESC fournirait à l'Europe une énergie politique étrangère commune.

112 Avis exprimé par M. Daniel Dhavernas, représentant permanent adjoint du Canada auprès de l'OTAN.

113 En mars 1966, le président Charles de Gaulle annonçait le retrait de l'OTAN des forces françaises stationnées en Allemagne et la fermeture des installations de l'OTAN en France. La France est cependant demeurée au sein de l'OTAN et une entente de coopération bilatérale a été conclue entre l'Alliance et l'armée française.

M. Wojciech Lamentowicz (sous-secrétaire d'État et conseiller du président de la Pologne au sujet des affaires étrangères) a dit au Comité que, à son avis, le pilier de la défense européenne ne se développera pas comme prévu. Il estime que l'organisation chargée de la défense de l'Europe ne doit pas être coupée de l'OTAN ou en concurrence avec celle-ci; en fait, il pense que l'Alliance est la seule organisation de sécurité pour l'Europe. Il croit que l'Europe n'a pas encore assez confiance en soi pour assurer seule sa propre sécurité et que la participation des États-Unis à la sécurité de l'Europe est essentielle.

La politique de l'Union relative à son élargissement vers le centre et l'Est de l'Europe a des implications pour l'OTAN. M. David Long, professeur de sciences politiques à l'Université Carleton, a dit au Comité que l'expansion de l'UE vers l'Est était avant tout une affaire de sécurité, que l'on envisage la sécurité dans le sens militaire – c'est-à-dire, dans le contexte d'une menace portée aux nouvelles démocraties de l'Europe centrale – ou qu'on l'envisage d'une manière plus large, en incluant la sécurité de l'environnement ou les migrations d'est en ouest, ou même plus largement encore. Il a poursuivi en disant que ces pays avaient un vif désir de se joindre à l'Union européenne et qu'en fait, il fallait être prudent, car nombre de ces pays, comme les 4 de Visegrad voient de toute façon l'Union européenne comme un pont vers l'OTAN (32:12-14).

L'OTAN s'est engagée à s'ouvrir à de nouveaux membres du centre et de l'Est de l'Europe à un moment donné, mais on ne sait pas encore de quels pays il s'agit ni quand cela se produira. M. Long a dit «qu'en ce qui concerne l'élargissement de l'OTAN et celui de l'Europe, il existe toutefois un consensus : les deux devraient être parallèles ou être réalisés ensemble sans être liés de façon rigide». (32:12) M. Long est d'avis que l'expansion européenne devrait se faire en premier; de nouveaux pays devraient entrer d'abord dans le giron de l'Union puis dans celui de l'UEO et enfin, après une certaine période, s'intégrer à l'OTAN. Il croit que l'expansion de l'OTAN n'est sans doute pas pour demain.

M. Karsten D. Voigt (président de l'Assemblée de l'Atlantique Nord, porte-parole du SPD en matière de politique étrangère au Bundestag) a parlé au Comité de l'élargissement et de l'UE et de l'OTAN. Il a dit que l'adhésion à l'UE des petits pays,

comme les pays baltes, devait être subventionnée parce qu'on ne peut pas encore les laisser se joindre à l'OTAN.

Les Polonais accordent la plus grande priorité à leur adhésion à l'OTAN¹¹⁴. Les responsables et les parlementaires polonais ont parlé à maintes reprises de l'élargissement de l'OTAN durant la visite du Comité à Varsovie. M. Longin Pastusiak, vice-président du Comité des relations étrangères du Sejm, a reconnu que, même si la sécurité de la Pologne n'est nullement menacée actuellement, elle pourrait l'être dans 10 ou 20 ans. Il a affirmé que la Pologne prenait en fait une police d'assurance en se joignant à l'OTAN.

Les représentants polonais ont également parlé de l'éventuelle réaction des Russes à l'élargissement de l'OTAN. À leur avis, cela devrait se faire sans confrontation et la Russie devrait participer d'une certaine manière aux ententes sur la sécurité en Europe, par exemple par un pacte bilatéral entre la Russie et l'OTAN. Un représentant polonais a souligné que la Russie participe déjà à d'autres mécanismes de sécurité en Europe, comme l'OSCE.

M. Adam Struzik (président du Sénat polonais) a expliqué que le souhait de la Pologne de devenir membre de l'OTAN n'avait rien à voir avec un pays en particulier, mais qu'étant adonné sa situation géopolitique, ce qu'il fallait, c'était d'assurer la sécurité générale du pays. Il a affirmé que la Pologne voulait entretenir de bonnes relations avec la Russie, mais qu'elle s'inquiétait de l'évolution des institutions démocratiques dans certains pays, notamment en Russie et dans l'ancienne Yougoslavie. M. Struzik estime que l'OTAN devrait être élargie pour englober tous les pays d'Europe centrale et de l'Est.

M. Andrzej Towpik (sous-ministre des Affaires étrangères de la Pologne) a dit au Comité que la Russie n'est pas aussi isolée qu'elle le prétend et qu'elle est membre d'un certain nombre d'organisations internationales, dont l'ONU et l'OSCE. Il a dit que la politique de l'OTAN était transparente et que l'Alliance ne constituait pas une menace pour la Russie. Au demeurant, l'OTAN entretient des relations avec des pays non membres comme la Russie et l'Ukraine.

114 Des sondages montrent que les Polonais sont davantage en faveur de l'adhésion à l'OTAN (à 90 p. 100) que de l'adhésion à l'UE (à 75-80 p. 100).

M^{me} Karen McDonald, conseillère politique à la délégation canadienne auprès de l'OTAN, a parlé de deux programmes «externes» de l'organisme, qui contribuent à la paix et à la sécurité en Europe, puisqu'ils comportent une participation de la Russie et de certains pays du centre et de l'est de l'Europe. L'un d'eux est le Conseil de coopération nord-atlantique (CCNA) qui entretient un dialogue entre l'OTAN et les pays d'Europe centrale et de l'Est. Le Conseil se réunit deux fois l'an et oeuvre à la coopération en matière de maintien de la paix, de sciences et d'environnement.

Le second programme externe est celui du Partenariat pour la paix (PPP) qui facilite l'établissement des budgets militaires, la formation militaire et le contrôle démocratique des armées dans les pays d'Europe centrale et de l'Est. Le canal privilégié de l'aide canadienne au PPP est le Programme d'aide à l'instruction militaire (PAIM) qui permet d'offrir des cours de langue, d'assurer le maintien de la paix et la sécurité, de dispenser une formation à des officiers d'état-major et de mener des opérations civiles-militaires. M^{me} McDonald a dit au Comité que le CCNA et le PPP contribuaient au maintien du lien de la Russie et des autres pays avec l'OTAN. Sans ces deux programmes, a-t-elle dit, la force de mise en oeuvre du plan de paix en Bosnie (IFOR) n'existerait pas.

M. John Barrett, chef de la Section de la planification des politiques de la délégation canadienne auprès de l'OTAN, a déclaré au Comité que la Russie avait présenté trois conditions à l'élargissement de l'OTAN aux pays de l'Est : 1) aucune arme nucléaire ne devrait être stationnée dans ces nouveaux pays membres; 2) aucune infrastructure de l'OTAN ne devrait s'y trouver; 3) il ne devrait pas y avoir de «deuxième vague» de nouveaux membres.

G. Conclusion et recommandations

Les affaires étrangères et la politique de sécurité revêtent une importance fondamentale pour les États souverains. Même si les membres de l'UE ont volontairement cédé aux institutions européennes leur pouvoir de décision sur les questions commerciales et économiques, ils sont très peu disposés à faire de même en matière de questions étrangères et de sécurité. Consciente du caractère délicat de ces questions, l'Union a établi des objectifs et des instruments limités en matière de PESC. Et surtout, cette politique maintient la nature

intergouvernementale des décisions du mécanisme de coopération politique européenne (CPE) qui l'a précédée.

L'impression générale selon laquelle la PESC ne fonctionne pas bien est en partie attribuable au fait qu'on attendait trop d'une politique qui, après tout, entraînait des changements relativement modestes par rapport au mécanisme de la CPE. Après Maastricht, on a cru que l'heure de l'Europe était venue, mais après les tergiversations de l'UE quant à ce qu'il fallait faire dans l'ex-Yougoslavie, l'humeur a changé. Un député européen nous a semblé particulièrement désabusé. Après Maastricht, a-t-il dit au Comité, l'Europe devait avoir une politique étrangère et de sécurité commune : qu'en est-il après l'échec de la Bosnie? L'Union, a-t-il ajouté, est un «enfant infirme», et la force unique avec laquelle agir lui fait défaut.

La CIG de 1996, en cours présentement, examine plusieurs propositions visant à améliorer la PESC afin de permettre à l'Union de mieux «affirmer son identité sur la scène internationale»¹¹⁵. Bien que la conférence puisse recommander plusieurs changements aux rouages de la politique commune, elle risque peu de modifier le processus intergouvernemental de décision qui requiert l'unanimité dans les décisions importantes. Au cours de ses entretiens avec des décideurs européens, le Comité a eu l'impression que les États membres étaient peu favorables à la création d'un organe supranational de décision en cette matière.

Selon le Comité, la PESC n'en est pas encore au stade où elle peut remplacer la politique étrangère des États. Même si la CIG peut apporter des améliorations au mécanisme de prise de décisions de l'UE en matière de politique étrangère, elle risque peu de produire des politiques communes plus fortes ou de déboucher sur des mesures communes plus décisives, sans une volonté collective de la part des États membres. En outre, comme l'a dit le gouvernement britannique, «en l'absence d'une volonté collective d'agir au sein de l'Union européenne, il est peu prudent de forcer l'action par des votes artificiels»¹¹⁶.

115 *Traité de l'Union européenne*, titre 1, article B.

116 Foreign and Commonwealth Office, *A Partnership of Nations - The British Approach to the European Union Intergovernmental Conference 1996*, mars 1996, p. 20.

La déclaration du Sommet de l'OTAN de janvier 1994 a donné aux membres européens le droit d'utiliser les ressources et les installations de l'Alliance en vertu du concept du Groupe de forces interarmées multinationales (GFIM). Cela permet à l'Union d'entreprendre des missions hors des théâtres d'opération à l'aide des ressources de l'OTAN et ce, sans la participation des États-Unis ou du Canada. Même si l'UEO fournissait la base de la coopération militaire européenne, (et d'autres organisations, comme l'ONU et l'OSCE, ont un rôle à jouer) l'OTAN demeurera le fondement de la sécurité européenne.

Le Comité recommande que le Canada continue d'appuyer l'Organisation du traité de l'Atlantique Nord de l'OTAN. Le Canada dispose de ressources limitées en matière de défense et sa qualité de membre de l'OTAN agit comme un «multiplicateur de ressources» et contribue à garantir la sécurité nationale du Canada. L'appartenance à l'Alliance permet aussi au Canada de contribuer d'une façon non négligeable à la sécurité de l'Europe et à celle du monde par la voie de sa participation aux activités de rétablissement de la paix de l'OTAN, comme la Force de mise en oeuvre du plan de paix (IFOR) en Bosnie. En participant aux programmes externes de l'OTAN comme le Conseil de coopération nord-atlantique (CCNA) et le programme Partenariat pour la paix (PPP), qui préservent les liens de la Russie et des pays d'Europe centrale et de l'Est avec l'OTAN, le Canada contribue à la paix et à la sécurité mondiales.

Quant à l'élargissement de l'OTAN, la décision a déjà été prise par les 16 chefs d'État de l'Alliance : les seules questions qui restent sont qui et quand? Le premier ministre Jean Chrétien a indiqué la position du Canada à ce sujet, à savoir que les pays qui adoptent des réformes en vue d'instituer un régime démocratique et l'économie de marché devraient devenir membres à part entière de l'Alliance¹¹⁷. Le principal obstacle demeure la réaction russe à cet élargissement. Cependant, comme l'a expliqué M. John Anderson, ambassadeur et représentant permanent du Canada auprès de l'OTAN, l'Alliance ne fait pas sa propre promotion; elle ne fait que répondre aux demandes venues de l'extérieur. En outre, selon lui, il est essentiel de se demander ce qui se produira en l'absence d'un élargissement de l'OTAN.

117 «Canada urges NATO to include Slovenia», *Financial Post*, 10 mai 1996.

Le Comité recommande que le gouvernement canadien examine la valeur intrinsèque de chaque demande d'adhésion à l'OTAN pour s'assurer que l'agrément de chacune sert les intérêts du Canada. Les pays non membres ne doivent pas avoir leur mot à dire en ce qui concerne qui peut ou ne peut pas devenir membre de l'Alliance. Il faut cependant que les membres de l'OTAN soient au courant des réactions des pays de l'extérieur.

Par conséquent, le Comité recommande que le gouvernement canadien encourage l'OTAN à continuer d'appliquer des politiques propres à garantir que le processus d'élargissement contribue effectivement à améliorer la stabilité et la sécurité de l'Europe. Il est donc impératif que l'OTAN poursuive son rapprochement avec la Russie. Le Comité estime en particulier que les programmes externes de l'OTAN comme le PPP et le CCNA sont importants pour faciliter la consultation et la coopération entre l'Alliance et les pays non membres, spécialement la Russie. L'Organisation pour la sécurité et la coopération en Europe (OSCE) - l'organisation européenne qui compte le plus grand nombre de membres - a aussi un rôle de premier plan à jouer dans la sécurité et la stabilité de l'Europe en contribuant à rapprocher les vues des membres de l'OTAN et des pays non membres.

Le Comité recommande en outre que l'OTAN veille à ne pas laisser l'élargissement de l'organisation compromettre sa capacité de décision. L'efficacité de l'OTAN dépend de sa capacité de prendre des décisions rapidement, par consensus. Si l'OTAN accueille de nombreux nouveaux membres et devient plus hétérogène, il y a un plus grand risque que le processus de prise de décision s'enlise en raison des conflits entre les intérêts des pays membres.

Enfin, le Comité recommande que le gouvernement canadien effectue une étude des répercussions, sur les intérêts nationaux du Canada, de l'élaboration par l'UE d'une politique étrangère et de sécurité commune¹¹⁸. Il importerait notamment de se pencher sur les liens entre l'OTAN et l'Union de l'Europe occidentale (UEO). À mesure que l'UE s'élargira, les effectifs de l'UEO, qui est à la fois l'élément de défense de l'UE et le pilier européen de l'Alliance atlantique, croîtront. Devrait-on accorder aux pays qui deviendront vraisemblablement membres de l'UE un privilège spécial lorsqu'ils demanderont d'adhérer à l'OTAN? L'élargissement de l'UE ne risque-t-il pas ainsi de permettre à certains pays d'entrer à l'OTAN par la «petite porte»? Quelles sont les conséquences éventuelles, sur la nature même de l'Alliance, de l'émergence d'un pilier européen au sein de l'OTAN?

IX. JUSTICE ET AFFAIRES INTÉRIEURES

A. Introduction

Dans son «troisième pilier», le traité de Maastricht prescrit les modalités de la coopération en matière de politique d'immigration et d'asile, de lutte contre le trafic des stupéfiants, de terrorisme et de fraude internationale, et d'autres sujets encore. On observe certes des progrès au chapitre de la coopération dans les domaines de la justice et des affaires intérieures, mais les États membres répugnent à renoncer à leur souveraineté dans ces domaines. D'un autre côté, la perspective de l'adoption par l'UE de politiques communes sur la justice et les affaires intérieures offre au Canada la possibilité de collaborer avec l'Union sur certaines de ces importantes questions.

B. Contexte

À l'instar des affaires étrangères et de la sécurité extérieure, la justice, la sécurité intérieure et l'immigration ont toujours été considérées comme du ressort exclusif des gouvernements nationaux. Réticents à céder aux institutions communautaires leurs pouvoirs dans ces domaines sensibles, les États membres ont d'abord cherché à accroître la collaboration par le biais de divers organes intergouvernementaux.

L'une des premières mesures de coopération, issue de la lutte contre le terrorisme, a été la création, en 1976, du Groupe de Trevi, composé des ministres de la justice et des ministres de l'intérieur des États membres¹¹⁹. Constitué initialement pour discuter des mesures prises pour appréhender et poursuivre en justice les terroristes en fuite, le Groupe de Trevi a rapidement élargi ses activités à l'application de la loi dans d'autres secteurs. Il a ensuite été fractionné en quatre grands groupes de travail : Trevi I, chargé de la lutte contre le terrorisme et de la liaison entre les forces policières; Trevi II, axé sur l'ordre public, le hooliganisme lors des matchs de football, la police scientifique, les possibilités légales d'interception de communications, les banques d'empreintes digitales, et ainsi de suite;

119 Trevi est un acronyme composé à partir des mots terrorisme, radicalisme, extrémisme et violence politique.

Trevi III, traitant des questions concernant le crime organisé international comme le trafic de la drogue et le blanchiment de l'argent, de l'application de la loi en matière de protection de l'environnement et de vols d'oeuvres d'art; et enfin, Trevi 92, qui s'occupe des questions de police et de sécurité afférentes à la libre circulation des personnes, des poursuites transfrontalières, de la création d'un système d'information européen, et des mesures compensatoires rendues nécessaires par l'assouplissement des contrôles aux frontières intérieures¹²⁰.

L'Accord de Schengen, signé en 1985, prévoit la suppression progressive des contrôles aux frontières communes des parties (Benelux, France et Allemagne) et la liberté de passage à ces frontières. Certaines parties de l'Accord sont entrées en vigueur le 1^{er} janvier 1986; d'autres font encore l'objet de consultations. L'Accord contient des règles communes pour la lutte contre le terrorisme, le trafic de contrebande et le crime organisé. Il prévoit aussi la normalisation des formalités relatives aux touristes, aux personnes demandant asile et aux immigrants légaux en provenance de pays de l'extérieur. D'autres pays se sont ultérieurement joints au Groupe de Schengen : l'Italie (1990), l'Espagne et le Portugal (1991), la Grèce (1992) et l'Autriche (1995). Et les négociations actuellement en cours pourraient aboutir à l'adhésion de la Finlande et de la Suède. Le 26 mars 1995, d'autres éléments de l'Accord de Schengen sont entrés en application entre le Benelux, l'Allemagne, la France, l'Espagne et le Portugal¹²¹. En avril 1996, une entente a été conclue en vue d'amener tous les États de l'Union nordique à participer à l'Accord de Schengen, la Finlande, la Suède et le Danemark étant agréés en tant que membres éventuels et l'Islande et la Norvège bénéficiant du statut d'observateurs permanents.

La nécessité d'une coopération accrue dans les domaines de la justice, de l'immigration et de l'asile est apparue avec la mise en place du programme d'instauration du marché unique. L'imminence du marché unique a fait craindre que les quatre libertés que celui-ci supposait – libre circulation des biens, des services, des capitaux et des personnes – ne

120 Juliet Lodge, «Internal Security and Judicial Cooperation» dans Juliet Lodge (sous la direction de), *The European Community and the Challenge of the Future*, 2e édition, St. Martin's Press, New York, 1993, p. 318.

121 Les membres du Comité sénatorial en ont fait directement l'expérience : ils se sont rendus d'Allemagne en France, puis de France en Belgique, sans jamais avoir à produire de passeport.

soient exploitées par les criminels, les terroristes et les immigrants illégaux. Le traité de Maastricht témoignait de la nécessité de formaliser l'intégration des questions relatives à la justice et aux affaires intérieures dans la structure de la CE.

C. Le traité de Maastricht

Le traité de Maastricht porte que la compétence légale relative à la coopération judiciaire réside dans un mécanisme intergouvernemental. Les décisions du Conseil de l'Union européenne en la matière (en l'occurrence le Conseil de la justice et des affaires intérieures) sont prises à l'unanimité, sauf pour les questions de procédure ou dans les cas où le traité précise qu'elles sont prises à la majorité des deux tiers. Le Conseil de la justice et des affaires intérieures est convoqué officiellement au niveau des ministres deux fois durant chaque présidence, et il se réunit aussi une ou deux fois de manière informelle. Il est appuyé par un Comité de coordination composé de hauts fonctionnaires, aussi appelé le comité de l'article K.4, du nom de la disposition du traité de Maastricht qui prévoit sa création. Le traité institue, à l'intention du Conseil, trois nouveaux types d'instruments juridiques dans le domaine de la justice et des affaires intérieures : les positions communes, les actions communes et les conventions du Conseil.

Aux termes du Titre VI du traité de Maastricht, neuf questions d'intérêt commun font l'objet d'une coopération judiciaire. Elles correspondent d'assez près aux principaux éléments de l'Accord de Schengen et sont issues des préoccupations résultant du marché unique¹²² :

- 1) la politique d'asile;
- 2) les règles régissant le franchissement des frontières extérieures des États membres par des personnes et les contrôles à exercer;
- 3) la politique d'immigration et les conditions de séjour des ressortissants de pays tiers;
- 4) la lutte contre l'immigration clandestine, et l'établissement de règles sur le séjour et le travail des ressortissants de pays tiers;
- 5) la lutte contre le trafic des stupéfiants;
- 6) la lutte contre la fraude internationale;

122 Juliet Lodge, *op. cit.*, p. 325.

- 7) la coopération judiciaire en matière civile et en matière pénale;
- 8) la coopération douanière;
- 9) la coopération policière en vue de la lutte contre le terrorisme, le trafic illicite de drogue et d'autres formes de criminalité, par la création d'un système d'échange d'informations policières à l'échelle de l'Europe appelé Europol.

Le rôle des institutions supranationales de la CE dans le domaine de la justice et des affaires intérieures est limité. La Commission a le droit de proposer une politique, tout comme d'ailleurs n'importe lequel des États membres, dans six des neuf secteurs du troisième pilier. Le Parlement européen est informé régulièrement des travaux dans ce domaine, il est consulté sur les principaux aspects de la coopération judiciaire, et ses vues sont censées être prises en considération. Normalement, la Cour européenne de justice n'est pas compétente pour trancher les différends relatifs au troisième pilier, mais le Conseil peut prendre des dispositions à cet égard, dans certains domaines.

D. Évaluation opérationnelle

Dans le bilan qu'elle a fait des réalisations issues des dispositions du traité de Maastricht sur la justice et les affaires intérieures, la Commission constate que le Conseil n'a que très peu utilisé les nouveaux instruments prévus dans le Traité — positions communes, actions communes et conventions élaborées par le Conseil¹²³. La Commission note que le Conseil privilégie les instruments classiques de la coopération, comme les recommandations, les résolutions et les conclusions, antérieurs au Traité. Sur le plan du fond, «pratiquement tous les sujets abordés remontent à l'impulsion donnée lors du Conseil européen de Luxembourg (juin 1991); le traité n'a pas sur ce point eu d'effet novateur significatif»¹²⁴.

La Commission a décelé des problèmes relativement aux instruments juridiques prévus dans le Traité. En particulier, il n'y a pas de consensus sur le caractère contraignant des actions et des positions communes, l'adoption et la mise en oeuvre des conventions est

123 Commission européenne, *Rapport de la Commission pour le Groupe de réflexion, Conférence intergouvernementale de 1996*, mai 1995, p. 51.

124 *Ibid.*

lente et compliquée, la règle du vote unanime a un effet très paralysant et, enfin, il n'y a pas de contrôle des actions convenues.

La présentation et la mise en oeuvre de propositions aux termes du Titre VI posent aussi des difficultés. Si tous les États membres, et la Commission dans certains domaines, peuvent prendre l'initiative de proposer des actions, beaucoup de propositions et de mesures émanent encore surtout de la présidence du Conseil, comme c'était le cas avant Maastricht. En outre, on a omis de consulter le Parlement européen sur certaines initiatives de la présidence. (Cependant, les divergences de vues entre le Parlement, la Commission et les États membres au sujet des attributions du Parlement aux termes du traité de Maastricht vont au-delà des questions relevant du troisième pilier.) Enfin, les négociations sur les questions du Titre VI font intervenir trop de structures administratives qui se chevauchent (Conseil, Coreper, comité de l'article K.4, groupes directeurs et groupes de travail). Bien que le traité de Maastricht précise que le Conseil peut demander à la Cour de justice d'interpréter les conventions dans ce domaine et de statuer sur les différends en la matière, les États membres ne s'entendent pas sur l'étendue du rôle de la Cour de justice à cet égard.

Comme dans le cas de la PESC, l'absence de démarcation claire entre les piliers de l'UE —ici, celui des communautés et celui de la justice et des affaires intérieures — fait aussi problème. Par exemple, dans le domaine de la politique des visas, c'est la Communauté qui établit la liste des pays non-membres dont les ressortissants ont besoin d'un visa, mais ce sont les États membres qui décident, aux fins de la coopération intergouvernementale, des conditions de délivrance des visas.

E. Propositions de changement

Le Groupe de réflexion a formulé un certain nombre de propositions de réforme du troisième pilier de l'UE à soumettre à la Conférence intergouvernementale¹²⁵, dont les suivantes :

- La Conférence intergouvernementale devrait mieux définir les objectifs de cette partie du Traité, ce qui permettrait de clarifier les actions envisagées et les buts visés.

- Il importe d'améliorer les instruments d'exécution des politiques dans ce domaine (positions communes, actions communes et conventions); on pourrait envisager de remplacer les instruments par un cadre juridique.
- Il faudrait définir des domaines où il serait opportun de réduire la prise de décisions au niveau intergouvernemental afin que les institutions de la Communauté puissent jouer un rôle plus grand (le droit d'initiative de la Commission, le contrôle exercé par le Parlement européen et la Cour de justice et le recours au vote à la majorité des voix). On pense notamment au franchissement des frontières extérieures (dispositions relatives aux ressortissants étrangers, politique d'immigration, politique d'asile, et règles communes pour les contrôles aux frontières extérieures).
- La coopération intergouvernementale dans les domaines de la justice et des affaires policières devrait être plus étroite.
- Le nombre des niveaux préparatoires à l'introduction de politiques devrait être réduit.
- Il faudrait incorporer l'Accord de Schengen au Traité (selon certains membres du Groupe de réflexion, mais pas tous).

F. Conclusion et recommandation

M^{me} Gretchen MacMillan (professeur associé de science politique à l'Université de Calgary) a dit au Comité qu'en matière de justice et des affaires intérieures on avait enregistré certains succès, mais aussi de nombreux échecs. À son avis, une grande partie des problèmes tiennent au fait que les questions de justice et d'affaires intérieures (de même que celles qui concernent la PESC) «sont au coeur même de la souveraineté de l'État et que ce sont sans doute les dernières au sujet desquelles l'État-nation est prêt à renoncer à sa compétence»(31:9).

En Irlande, le comité a entendu M. Gay Mitchell (ministre d'État aux Affaires européennes), selon lequel le troisième pilier est un des secteurs potentiels de coopération entre le Canada et l'UE, notamment sur le plan de la lutte contre le trafic de la drogue, le blanchiment de l'argent et le terrorisme. M. Mitchell semblait particulièrement soucieux d'obtenir la coopération du Canada sur la question du trafic de la drogue. Il a dit que les questions relevant du troisième pilier auraient la priorité durant la présidence irlandaise.

Le Comité note que les questions qui relèvent de la justice et des affaires intérieures figurent dans les propositions pour un plan d'action Canada-UE. Nous sommes cependant conscients du fait que l'UE hésite à resserrer les liens de coopération avec des pays tiers dans ces domaines. En juin 1995, par exemple, le Conseil de la justice de l'UE a annoncé de nouvelles règles limitant la portée des accords de coopération que l'UE peut conclure avec des tiers dans ce domaine. Ces nouvelles règles ont été adoptées à l'instigation de la France, qui craignait l'ingérence de pays tiers dans les affaires internes de l'UE. Des ministres et des hauts fonctionnaires canadiens ont néanmoins rencontré M^{me} Anita Gradin, commissaire de l'UE chargé de l'immigration et des affaires judiciaires. Cette rencontre, qui s'est déroulée du 29 septembre au 2 octobre 1995, a abouti à un programme de nouvelles activités de coopération sur des questions ressortissant au troisième pilier.

Il est dans l'intérêt du Canada de pouvoir traiter avec l'UE dans le cadre de politiques uniques dans les domaines de l'immigration, de l'asile, du crime organisé, du trafic de la drogue et d'autres questions appartenant au troisième pilier. Non seulement serait-il moins coûteux et plus efficace pour le Canada de négocier des ententes avec un interlocuteur unique plutôt qu'avec 15 gouvernements nationaux, mais cela contribuerait à empêcher les criminels, les terroristes et les immigrants illégaux d'exploiter les différences entre les traités bilatéraux que le Canada a conclus avec plusieurs pays de l'UE.

Le Comité recommande que le gouvernement du Canada continue de chercher à collaborer avec l'UE sur les questions qui relèvent du troisième pilier, notamment l'immigration et le droit d'asile, la lutte contre le crime organisé, le terrorisme, le blanchiment de l'argent, le commerce illégal des armes et le trafic de la drogue.

X. CRÉER DES LIENS ENTRE LE CANADA ET L'UE

A. L'Accord cadre

Le Canada a appuyé dès le départ l'intégration européenne, estimant que celle-ci était essentielle au maintien de la sécurité en Europe. Comme l'a expliqué au comité M. Pentland, les préoccupations au sujet de certaines pratiques de protectionnisme dans la CE, telle la Politique agricole commune, ont atteint un point critique seulement lorsque le Royaume-Uni a décidé de se joindre à la Communauté dans les années 60. En 1973, le Royaume-Uni fut finalement admis au sein de la CE, ce qui a forcé le Canada et d'autres pays membres du Commonwealth à chercher d'autres marchés pour les exportations de produits agricoles.

À peu près à la même époque, les décideurs canadiens ont commencé à s'inquiéter de la domination croissante des intérêts américains sur l'économie canadienne. Les Américains étaient en train d'accaparer une part grandissante de l'industrie canadienne, et les échanges commerciaux du Canada étaient de plus en plus orientés sur un axe nord-sud. Le Canada était donc vulnérable à tout changement aux politiques américaines, tel que la surtaxe à l'importation de 10 p. 100 adoptée comme mesure temporaire en 1971 par le président Nixon afin de défendre le dollar américain. Ces facteurs ont poussé le secrétaire d'État aux Affaires extérieures, Mitchell Sharp, à proposer en 1972 ce qu'on a appelé la «troisième option», en vertu de laquelle le Canada a adopté une politique à long terme visant à renforcer l'économie du Canada et à réduire sa vulnérabilité vis-à-vis des États-Unis¹²⁶. En pratique toutefois, la troisième option est devenue synonyme de la conclusion d'un «lien contractuel» avec l'Europe plutôt que de l'objectif d'une diversification économique générale.

La Communauté européenne voyait aussi une possibilité de tirer son épingle du jeu grâce à l'établissement de liens avec le Canada. Celui-ci représentait pour la CE une source abondante de ressources naturelles et de matières premières. En outre, les Européens multipliaient des investissements directs d'importance au Canada et s'inquiétaient des effets sur ces placements des décisions de l'Agence d'examen de l'investissement étranger.

¹²⁶ La première option était le maintien de la relation existante entre le Canada et les États-Unis et la deuxième option proposait un rapprochement avec les États-Unis.

C'est ainsi qu'a été signé en 1976 l'*Accord cadre de coopération économique et commerciale entre le Canada et la Communauté européenne*. Le but de cet accord, qui établissait une structure pour gérer et développer la coopération entre les entreprises et les gouvernements, était de promouvoir les échanges commerciaux réciproques et de favoriser la coopération économique.

L'Accord a constitué un Comité mixte de coopération (CMC) qui réunissait régulièrement des représentants du gouvernement canadien et de la Commission européenne, ainsi que des représentants des provinces et des États membres de l'UE. Un certain nombre de sous-comités et de groupes de travail, qui cherchent chacun de son côté à encourager la coopération, font rapport régulièrement au Comité mixte. L'Accord cadre a aussi créé l'habitude de rencontres périodiques entre le ministre canadien du Commerce international et le commissaire européen chargé des relations économiques extérieures.

Il est difficile d'évaluer le succès de l'Accord cadre. Sur le plan de la diversification des relations commerciales du Canada, on peut dire que l'Accord s'est soldé par un échec. Au cours des 19 dernières années, les exportations du Canada vers la CE, exprimées en proportion des exportations totales, n'ont cessé de décroître. La situation n'est peut-être pas surprenante étant donné que l'Accord «créait peu d'obligations et aucun droit spécial pour les parties contractantes, et n'offrait aucun avantage qui aurait pu éveiller l'intérêt des gens d'affaires»¹²⁷.

Néanmoins, l'Accord cadre établissait les assises d'une coopération entre hauts fonctionnaires. C'est ainsi qu'ont été créés le sous-comité de coopération industrielle, qui se penche sur des questions d'intérêt mutuel dans le domaine des politiques industrielles, et le sous-comité du commerce et de l'investissement, qui s'emploie à prévenir les sujets de discorde dans le domaine du commerce. La coopération s'est également intensifiée dans certains domaines, comme les métaux et les minéraux, le bois et les produits du papier et les technologies de l'information. Des séances de consultation spéciales ont lieu chaque année

127 Daniel Roseman, «Canada-European Community Relations: An Agenda for Action», *Behind the Headlines*, printemps 1989, p. 6.

entre représentants du Canada et de l'UE dans le domaine de l'environnement et des télécommunications.

B. La Déclaration transatlantique

Conclue en 1990, la *Déclaration sur les relations entre le Canada et la CE*, ou Déclaration transatlantique, élargit le dialogue politique entre le Canada et l'UE. Fait plus important encore, elle prévoit des rencontres annuelles entre le premier ministre du Canada et le président du Conseil de l'Union européenne. Par exemple, le premier ministre Chrétien a rencontré le président de l'UE, Jacques Santer, et le président français, Jacques Chirac, en juin 1995, lors du sommet du G-7 à Halifax. D'autres rencontres ont également eu lieu dans ce cadre : la rencontre entre le Premier ministre du Canada et le premier ministre italien, M. Lamberto Dini, en janvier 1996 au sommet de Charm al-Cheik; la visite à Ottawa en mars 1996 de sir Leon Brittan pour s'entretenir avec le ministre du Commerce international, Art Eggleton; la rencontre entre le ministre canadien des Affaires étrangères, Lloyd Axworthy, et le ministre italien des Affaires étrangères, M. Lamberto Dini, à Berlin en avril 1996; et le sommet de la Déclaration transatlantique tenu à Rome le 26 juin 1996 et qui réunissait le Premier ministre du Canada, le président de la Commission européenne, M. Jacques Santer, et le premier ministre italien, M. Romano Prodi.

C. L'Accord sur la coopération scientifique et technologique

L'*Accord entre le Canada et l'Union européenne sur la coopération scientifique et technologique* a été signé en juin 1995 en marge du sommet du G-7 à Halifax. En vertu de l'Accord, les entreprises, universités et instituts de recherche du Canada peuvent faire concurrence à leurs partenaires européens pour des projets réalisés par la Commission européenne en vertu du Programme cadre de recherche et de développement technologiques. La Commission a réservé quelque 21 milliards de dollars entre 1994 et 1998 pour ce programme, qui coiffe toutes les activités de recherche et de développement technologiques financées par l'UE, plutôt que par les États membres individuellement.

Selon le ministère des Affaires étrangères et du Commerce international, cet accord est un élément important de la stratégie d'élaboration de liens transatlantiques. En

octobre 1995, le ministère a organisé trois grandes conférences - une à Montréal, la seconde à Toronto et la troisième à Vancouver - afin d'informer le monde des affaires canadien des occasions fournies par l'Accord. Le ministère estime que plus d'une soixantaine d'organismes canadiens sont entrés en concurrence, avec leurs partenaires européens, pour les projets de recherche et de développement de l'UE.

D. L'Accord de coopération en enseignement supérieur et en formation

Le 19 décembre 1995, le Canada et l'UE ont signé l'*Accord établissant un programme de coopération en enseignement supérieur et en formation*. Cet accord est conçu pour encourager des projets menés conjointement par des groupements -- surtout des instituts d'enseignement supérieur -- des deux côtés de l'Atlantique, ce qui permet d'accroître la mobilité internationale des étudiants. Lors du premier appel d'offres, 56 projets de programmes conjoints ont été proposés.

E. Liens parlementaires

Le Canada a des contacts suivis avec l'Europe grâce aux associations parlementaires et aux groupes d'amitié. L'Association parlementaire Canada-Europe (APCE), créée officiellement en 1980, assure des liens directs entre les parlements canadiens et européens. Cette Association est également chargée d'assurer la liaison avec d'autres organismes européens, comme le Conseil de l'Europe, l'Union de l'Europe occidentale et l'Organisation pour la sécurité et la coopération en Europe. Cependant, l'APCE se concentre principalement sur les activités et les échanges avec le Parlement européen.

L'APCE compte plus de 200 députés et sénateurs, et une trentaine en moyenne participent aux délégations chaque année. Le Canada alterne chaque année entre l'envoi de délégations à Bruxelles et l'accueil de députés du Parlement européen. L'APCE fournit l'occasion à ses membres de se renseigner sur ce qui se passe en Europe et de faire connaître la position du Canada sur des questions importantes telles que les pêches, le commerce et les

questions environne-mentales. En 1996, ce sera au tour du Canada d'accueillir la délégation parlementaire¹²⁸.

F. Le dialogue transatlantique

1. Les origines du dialogue transatlantique

Il importe de reconnaître le rôle joué par l'ancien ministre du Commerce international du Canada, Roy MacLaren, dans l'établissement du dialogue transatlantique entre l'Europe et l'Amérique du Nord. Il a lancé l'idée lors d'un discours prononcé en septembre 1994, avec la question suivante : étant donné que nous envisageons le libre-échange avec l'Amérique latine et l'Asie-Pacifique, pourquoi ne pas avoir une relation de libre-échange avec nos partenaires traditionnels en Europe? (27:8)

Par la suite, le premier ministre Chrétien, lors d'un discours prononcé au Sénat français le 1^{er} décembre 1994, a proposé la négociation d'un Accord de libre-échange entre les pays membres de l'ALÉNA et l'Union européenne. Dans d'autres discours, M. MacLaren a poussé plus loin son idée du libre-échange transatlantique, proposant l'élimination des tarifs industriels avant une certaine date et la conclusion d'accords sur l'investissement et la concurrence¹²⁹.

M. Paul Dubois, directeur général de la Direction générale de l'Europe de l'Ouest au MAECI, a dit au Comité que deux des principaux partenaires commerciaux du Canada, soit le Royaume-Uni et l'Allemagne, avaient extrêmement bien réagi à l'idée de renforcer les liens économiques transatlantiques. En fait, aux dires de M. Dubois, le ministre allemand des Affaires étrangères, Klaus Kinkel, aurait accueilli avec enthousiasme l'idée d'un accord de libre-échange entre le Canada, les États-Unis et l'Union européenne. Ce serait la même chose du côté britannique où Malcolm Rifkind, l'actuel ministre des Affaires étrangères, et son prédécesseur, Douglas Hurd, ont «reçu le message canadien avec beaucoup

128 Signalons que la réunion de cette année est en suspens en raison de commentaires proséparatistes formulés par le président de la Délégation européenne, M. Georges Berthu, lors d'une visite au Canada pendant le référendum québécois.

129 Roy MacLaren, *Canada's Trade Policy for the 21st Century: The Walls of Jericho Fall Down*, notes pour un discours prononcé par l'honorable Roy MacLaren, ministre du Commerce international, au Centre for International Studies et au Centre for International Business, Université de Toronto, Toronto, 18 janvier 1995.

d'ouverture» et ont encouragé le Canada à approfondir le dialogue. (27:8) D'autres pays membres de l'UE ont aussi bien accueilli la proposition d'Accord de libre-échange transatlantique, notamment l'Italie, la Suède et les Pays-Bas.

Cependant, d'autres pays, comme la France et les États-Unis, se sont montrés au mieux tièdes à l'idée du libre-échange transatlantique. Un porte-parole américain a balayé l'idée du revers de la main, jugeant qu'elle serait uniquement une source de problème. Néanmoins, cette proposition du Canada semble avoir renouvelé le dialogue entre l'Europe et l'Amérique du Nord. C'est ce qu'ont confirmé au comité des porte-parole en Europe. M. Stephen Wright, sous-secrétaire d'État britannique (UE) a déclaré au comité que M. Roy MacLaren avait fait une énorme contribution au débat en proposant une zone de libre-échange transatlantique. Selon M. Wright, M. Rifkind, tient encore beaucoup à l'idée d'une telle zone.

2. Le Plan d'action États-Unis-Union européenne

Au printemps de 1995, l'Espagne a proposé aux États-Unis de renouveler leurs relations avec l'UE. Dans un discours prononcé à Madrid le 2 juin 1995, le secrétaire d'État américain, Warren Christopher, tout en évitant d'aborder la question du libre-échange transatlantique, a reconnu la nécessité d'établir une nouvelle relation. Ce discours était le signe que les États-Unis étaient disposés à accepter l'offre espagnole de négocier un nouveau partenariat É.-U.-UE.

Quand les discussions ont débuté entre les deux parties sur la possibilité d'un plan d'action conjoint, le Canada a insisté pour que les négociations se fassent à trois. Selon M. Jean-Pierre Juneau, sous-ministre adjoint du Secteur de l'Europe, MAECI, la raison d'une participation canadienne était d'assurer l'égalité des chances pour le commerce et l'investissement entre l'Union européenne et l'Amérique du Nord. Selon lui, «des ententes transatlantiques sur le commerce et les investissements qui excluraient le Canada pourraient avoir des conséquences économiques défavorables sur l'emploi et la croissance au Canada».

(1:11)

Mais deux événements se sont produits qui ont empêché le Canada d'être associé aux négociations. En premier lieu, en mars 1995, les autorités canadiennes ont arraisonné le bâtiment de pêche espagnol *Estai*, en eaux internationales, ce qui a assombri les relations entre le Canada et l'UE. Quand sir Leon Brittan est venu à Ottawa en mai 1995, il a informé le Canada que les relations seraient tendues pendant un certain temps¹³⁰. En deuxième lieu, le 1^{er} juillet 1995, l'Espagne a assumé la présidence du Conseil de l'Union européenne, ce qui lui donnait en même temps la haute main sur le programme de l'UE pour les six mois à suivre.

Le 3 décembre 1995, lors d'une réunion à Madrid, le président américain Bill Clinton, le président de la Commission de l'UE, Jacques Santer, et le président du Conseil, Felipe Gonzalez, ont signé un accord intitulé le *Nouveau programme transatlantique*. Cet accord instituait un plan d'action conjointe pour les États-Unis et l'UE visant quatre objectifs communs : *Promouvoir la paix et la stabilité, ainsi que la démocratie et le développement dans le monde entier* (questions de politique étrangère et de sécurité); *Réagir aux défis mondiaux* (coopération dans les domaines de la justice, de l'immigration, de la santé et de l'environnement); *Contribuer à l'expansion du commerce international et au resserrements des relations économiques* (renforcer le commerce multilatéral et créer un nouveau marché transatlantique); *Jeter des ponts sur l'Atlantique* (dialogue commercial transatlantique et coopération scientifique et technologique).

Le troisième élément du plan d'action - *Contribuer à l'expansion du commerce international et au resserrement des relations économiques* - comprend trois volets : (1) *Renforcer le système commercial multilatéral*; (2) *Le nouveau marché transatlantique*; (3) *Emplois et croissance*.

En ce qui concerne le *Renforcement du système commercial multilatéral*, le plan d'action exhorte les deux parties à prendre les mesures suivantes :

- adhérer aux règles multilatérales;
- veiller au succès de la rencontre ministérielle de l'OMC à Singapour;

130 Voir ce qui précède sur les «sujets de discorde» Canada-Europe.

- régler les questions non résolues de l'Uruguay Round (notamment les télécommunications et les services maritimes);
- amorcer des négociations sur les marchés publics;
- veiller à la pleine mise en oeuvre de l'Accord sur les aspects des droits de propriété intellectuelle qui touchent au commerce (APIC);
- s'occuper des «nouvelles» questions commerciales touchant l'environnement, l'investissement, la concurrence et les normes de travail;
- conclure un accord sur la technologie de l'information;
- étudier la possibilité de réduire encore les tarifs sur les produits industriels et d'accélérer les réductions de tarif prévues par l'Uruguay Round;
- élaborer des normes internationales pour les procédures douanières;
- mettre en oeuvre la recommandation de l'OCDE de 1994 sur les pots-de-vin dans les transactions internationales.

La deuxième partie de la section sur le commerce et l'économie - *Le nouveau marché transatlantique* - établit la liste des questions que l'UE et les États-Unis se proposent de régler de façon bilatérale.

- Aux termes du nouveau marché transatlantique, les États-Unis et l'UE doivent :
- effectuer une étude conjointe sur les façons de faciliter les échanges commerciaux de biens et de services et de réduire ou supprimer complètement les barrières tarifaires et non tarifaires;
 - résoudre les questions et les différends commerciaux bilatéraux;
 - conclure des ententes sur les normes, la certification et la réglementation;
 - conclure un accord sur les normes vétérinaires;
 - étendre l'engagement bilatéral États-Unis-UE aux marchés publics;
 - s'occuper des questions de propriété intellectuelle;
 - élargir le dialogue sur les services financiers de manière à intégrer certains aspects des relations avec les pays tiers;
 - conclure un accord de coopération douanière et d'assistance mutuelle;
 - élargir le dialogue bilatéral sur la société de l'information;

- réduire les obstacles à la coopération en recherche et développement dans le domaine de l'information et des communications;
- étudier les moyens d'approfondir la coopération sur la concurrence;
- discuter des questions de protection des données;
- se consulter sur la conception et la mise en oeuvre de systèmes mondiaux de satellite, d'améliorer la coopération sur la gestion de la circulation aérienne et se consulter au sujet de la sécurité du transport maritime;
- intensifier la coopération sur les questions énergétiques;
- coopérer dans le domaine de la biotechnologie;
- examiner la possibilité d'une entente pour l'échange d'informations sur la santé et la sécurité au travail.

3. Négociations Canada-UE

Le gouvernement canadien a continué d'insister pour que le Canada participe à l'initiative transatlantique, afin que celle-ci ne reste pas un processus bilatéral associant uniquement l'Union européenne et les États-Unis. Mais, à défaut de discussions trilatérales, le gouvernement canadien a commencé à négocier en parallèle. En octobre 1995, le Canada et l'Allemagne ont formé un groupe de travail chargé d'établir un projet de plan d'action Canada-UE.

Le fruit de cette collaboration, un document de travail qui présente la proposition canadienne pour un Plan d'action Canada-UE, a été présenté par le Canada à la Commission européenne et à la présidence italienne en janvier 1996. Le document, qui servira de base aux négociations canadiennes avec l'UE à l'égard du Plan d'action, touche trois domaines principaux : (i) *Les questions économiques et commerciales*; (ii) *Les questions de politique étrangère et de sécurité*; (iii) *Les nouveaux défis mondiaux*.

(i) Éléments de la proposition canadienne pour un Plan d'action

a) Questions économiques et commerciales

Le gouvernement du Canada souscrit à l'entreprise d'une étude transatlantique sur les moyens pour faciliter les échanges de biens et de services et pour réduire encore davantage, sinon éliminer, les barrières tarifaires et non tarifaires. En outre, il propose d'autres mesures dont les suivantes :

- la résolution rapide des différends commerciaux;
- l'établissement d'un mécanisme d'intervention rapide qui permettrait d'éviter que des problèmes touchant les échanges ou les investissements ne dégénèrent en véritables conflits;
- la réduction puis l'élimination des barrières non tarifaires par l'harmonisation et l'élaboration des normes de produits et par l'agrément mutuel des procédures d'homologation et d'essai;
- l'aboutissement rapide des négociations relatives aux marchés publics sous l'égide de l'OMC;
- la conclusion, à l'OCDE, d'une entente multilatérale sur les investissements;
- l'aboutissement des négociations relatives aux télécommunications et aux services maritimes, et la réalisation d'activités de collaboration et de consultation dans d'autres secteurs de services;
- la réalisation de travaux sur des sujets nouveaux comme le commerce et l'environnement, le commerce et la politique de concurrence, et le commerce et les normes du travail;
- une plus grande convergence des restrictions à l'exportation des biens à double usage et des politiques d'exportation d'armements;
- l'élargissement du dialogue sur la société de l'information;
- une plus grande coopération dans le domaine des sciences et de la technologie, y compris les biotechnologies;
- la pleine participation des entreprises canadiennes au Dialogue commercial transatlantique.

b) Questions de politique étrangère et de sécurité

Il est précisé dans le document canadien de janvier 1996 que les Européens, les Canadiens et les Américains doivent considérer comme essentiels pour leurs intérêts la sécurité de l'Europe, la propagation de la démocratie, la règle de droit, le respect des droits de la personne et la participation aux actions internationales pour résoudre les conflits internationaux et civils. On y indique que le Canada souhaite favoriser un processus propre à renforcer la capacité de l'Europe et de l'Amérique du Nord à agir de façon concertée. Le gouvernement du Canada estime que le Canada et l'Union européenne doivent viser les objectifs suivants :

- un engagement envers l'OTAN, son élargissement et son adaptation à de nouvelles missions;
- le renforcement de l'OSCE;
- l'instauration d'un dialogue entre l'Union de l'Europe occidentale, le Canada et les États-Unis en vue de développer une identité européenne de défense;
- la multiplication des activités de collaboration et de consultation transatlantiques au sein de tribunes multilatérales et régionales comme l'ONU et d'organisations comme la BERD;
- la tenue régulière de consultations mixtes des ministres et des hauts fonctionnaires sur les événements politiques dans d'autres régions;
- l'amélioration des opérations à caractère humanitaire de l'ONU et une coordination accrue des programmes d'assistance du Canada et de l'UE;
- l'adoption d'actions concertées pour prévenir les conflits dans l'Atlantique Nord, en Europe centrale, en Europe de l'Est, et ailleurs dans le monde.

c) Nouveaux défis mondiaux

D'après le document, le gouvernement du Canada estime qu'il reste encore beaucoup à faire sur le plan de la coopération transatlantique dans les domaines de la justice et de la politique intérieure, et que les discussions doivent porter sur les sujets suivants :

- exploration de mesures concertées de lutte contre toutes les formes du crime organisé international, notamment le trafic de stupéfiants, le terrorisme, les crimes haineux, la criminalité informatique, le blanchiment de l'argent, et la contrebande des armes à feu et des matières radioactives, etc.

- meilleure collaboration au niveau des mouvements de personnes et de la lutte contre les migrations illégales;
- collaboration dans la lutte contre le «tourisme sexuel»;
- coordination du développement de l'autoroute de l'information;
- collaboration en vue d'améliorer les flux transfrontières de données;
- meilleure coordination de la prestation des programmes d'aide juridique et technique dans les secteurs de la justice et des affaires intérieures dans les pays d'Europe de l'Est et d'Europe centrale;
- collaboration sur les problèmes environnementaux à caractère transnational et du développement durable;
- collaboration pour le développement durable de l'Arctique;
- collaboration en vue d'améliorer la reconnaissance et l'exécution des jugements rendus par les tribunaux civils.

(ii) Examen de la proposition canadienne

Une bonne partie des questions abordées dans le plan d'action des États-Unis et de l'Union européenne se retrouvent dans la proposition du Canada. Cependant, comme M. Juneau l'a expliqué au Comité, la proposition du Canada est beaucoup plus concise que le plan d'action américano-européen. Premièrement, grâce aux diverses ententes bilatérales mentionnées précédemment, les relations entre le Canada et l'UE sont déjà bien avancées. Par exemple, comme il a été dit, l'accord-cadre de 1976 prévoit des consultations annuelles des hauts fonctionnaires du Canada et de l'UE sur les questions d'intérêt commun et la Déclaration transatlantique de 1990 prévoit des rencontres annuelles du premier ministre du Canada et du président de l'Union européenne. En outre, le Canada a signé de nouvelles ententes bilatérales dans les domaines a) de l'enseignement et b) des sciences et de la technologie.

Deuxièmement, comme l'a dit M. Juneau, «la proposition du Canada est ciblée davantage sur des actions concrètes que le plan américain-européen. Elle touche nos intérêts prioritaires, parmi lesquels les questions économiques et commerciales occupent une place de choix» (1:12). Les objectifs économiques du Canada à court terme comprennent notamment «la résolution des différends commerciaux bilatéraux, l'accélération de la réduction prévue des

droits de douane sous l'égide de l'OMC, l'aboutissement des négociations en cours au sujet d'un ensemble d'ententes bilatérales, l'amélioration de la coopération au sein de l'OMC et un dialogue commercial transatlantique plus actif»(1:12).

Si le gouvernement du Canada ne croit pas qu'en ce moment le principe d'une zone de libre-échange transatlantique ait suffisamment de partisans en Europe ou aux États-Unis pour aboutir à une entente, selon M. Juneau, il s'est néanmoins donné comme objectif à long terme la réduction, et l'élimination si possible, des barrières aux mouvements transatlantiques de biens, de services et d'investissements (1:12). Sa proposition de réaliser une étude transatlantique sur les moyens de faciliter les échanges de biens et de services s'inscrit dans cette optique. Ce projet d'étude et d'autres questions devraient selon le gouvernement prendre un caractère trilatéral. Dans le préambule de sa proposition, le gouvernement précise ce qui suit : «Nous recommandons que ce plan d'action soit établi selon une formule trilatérale (Canada, États-Unis, UE) toutes les fois qu'une telle formule convient et qu'elle laisse entrevoir des résultats appréciables».

(iii) La proposition de la Commission européenne pour un Plan d'action

Le 28 février 1996, la Commission européenne a soumis au Conseil ses propres propositions de resserrement des liens avec le Canada en vue d'accroître la coopération sur les questions économiques et politiques et en matière de sécurité. Les propositions de la Commission sont classées sous quatre rubriques : (i) politique étrangère et sécurité; (ii) échanges et investissements; (iii) justice et affaires intérieures; (iv) rapprochement.

Le document de la Commission aborde certaines des questions qui figurent déjà dans les propositions du Canada. Dans le domaine de la politique étrangère et de la sécurité, le document est moins précis que les propositions canadiennes. Les questions relatives aux échanges et aux investissements soulevées par la Commission sont pratiquement les mêmes que celles qui figurent dans le document du gouvernement du Canada. Mais le document de la Commission comporte une section sur l'importance d'un cadre macro-économique sain pour établir des relations harmonieuses et permettre des échanges de vues entre le Canada et l'UE au sujet de questions macro-économiques.

Une deuxième différence tient au fait que la Commission fait expressément mention d'un différend persistant entre le Canada et l'Union européenne, à savoir le fait que le Canada n'a pas signé l'entente bilatérale de 1992 sur les pêches, laquelle prévoit la réouverture des eaux et des ports du Canada aux bateaux de la Communauté¹³¹.

La partie du document qui porte sur la justice et les affaires intérieures correspond à la partie C («Nouveaux défis mondiaux») du document du gouvernement du Canada. La Commission se concentre sur trois questions à court terme : l'immigration et l'asile, la criminalité internationale, et la contrebande d'immigrants illégaux et le trafic des femmes. La possibilité d'une collaboration au sujet d'un vaste éventail de questions de justice et d'affaires intérieures est cependant évoquée.

Les propositions du Canada ne contiennent rien qui corresponde directement à la partie iv du document de la Commission (sur les rapprochements). Cette section porte sur les manières dont on pourrait encourager l'établissement de liens entre les personnes et les entreprises des deux côtés de l'Atlantique. On y propose des activités de coopération quant à l'utilisation des techniques multimédias dans les domaines de l'éducation et de la santé, des discussions sur les politiques de développement régional, la multiplication des contacts entre les personnes, la réalisation d'études sur les modes de gouvernement, la culture et la langue, et la reconnaissance mutuelle des études et grades universitaires.

(iv) Les négociations sur le Plan d'action sont dans l'impasse

Le 18 mars 1996, sir Leon Brittan a rencontré à Ottawa le premier ministre Jean Chrétien et les ministres des Affaires étrangères et du Commerce international afin de lancer les négociations sur l'élaboration d'un plan d'action entre le Canada et l'Union européenne. Les propositions de la Commission ont été approuvées par le Conseil des ministres le 25 mars 1996. Toutefois, les négociations entre le Canada et l'UE n'ont pu être conclues à temps pour une cérémonie de signature à Rome le 26 juin 1996 avec le premier

131 Le fait que la Commission ne mentionne que ce seul différend donne une idée de l'importance accordée à sa résolution. Il y est indiqué que le 31 mai 1996, le gouvernement du Canada a annoncé que les bateaux de pêche de l'UE auront, de nouveau, accès aux ports canadiens.

ministre Jean Chrétien, le président de la Commission européenne Jacques Santer et le premier ministre italien Romano Prodi.

Quelques jours avant le départ du premier ministre Chrétien pour Rome, les négociations sur le Plan d'action Canada-UE ont été interrompues. De nouveau, l'Espagne a réussi à torpiller les négociations en soulevant des objections contre la politique canadienne des pêches. Le différend portait sur le libellé du projet de plan d'action qui appelle à la collaboration pour combattre l'application «extraterritoriale» des lois nationales. Cette section avait pour but de promouvoir la coopération Canada-UE dans la lutte contre la loi américaine Helms-Burton qui pénalise les entreprises et les particuliers étrangers qui «commerceraient» avec des intérêts soi-disant américains à Cuba. Le Canada et l'UE se sont tous deux opposés à l'application extraterritoriale de la loi américaine dite de Helms-Burton.

L'UE s'est accrochée à cet élément du Plan d'action, soutenant qu'il n'était pas logique pour le Canada de s'opposer au principe de l'extraterritorialité de la loi Helms-Burton tout en appliquant sa propre loi sur les pêches dans la région nord-atlantique en dehors de la zone des 200 milles reconnue internationalement comme zone de compétence nationale. Deux options auraient permis de lever les objections de l'UE à la loi canadienne. D'abord, le Canada aurait renoncé à son projet de loi C-29, qui modifie la Loi sur la protection des pêches côtières de manière à permettre au gouvernement canadien de protéger les stocks de poisson qui chevauchent la zone des 200 milles. Ou encore, le Canada aurait pu modifier le projet de loi C-29 de manière à soustraire les bateaux de pêche américains à l'application de la loi.

Comme aucun de ces choix ne faisait l'affaire du gouvernement canadien, les négociations ont abouti dans une impasse. Le gouvernement canadien espère pouvoir relancer les négociations dans quelques mois sous la présidence du représentant irlandais. Toutefois, pour arriver à une entente, il y a une des deux parties qui devra céder. Pour le moment, le gouvernement canadien s'abstiendra de dire ou de faire quoi que ce soit concernant l'application de la loi canadienne en dehors de la zone des 200 milles qui pourrait compromettre la cause canadienne dans l'arraisonnement du bateau de pêche espagnol *Estai*, cette cause étant présentement devant la Cour internationale de justice.

Sans changement dans la politique canadienne des pêches, il n'est pas sûr que le futur plan d'action Canada-UE serait mieux accueilli par l'Espagne que le précédent. Si certains soupçonnent que l'Espagne saisirait n'importe quel prétexte pour faire échouer les négociations avec le Canada sur le plan d'action, d'autres croient qu'il serait indiqué que le Canada et l'UE reprennent les négociations au cours de la présidence irlandaise, étant donné qu'il y a entente sur 95 p. 100 du plan d'action et sur tous les éléments de la déclaration politique.

G. Conclusion et recommandations

Il va sans dire que l'interruption des négociations au mois de juin est un dur coup pour le Plan d'action Canada-UE, mais le plan n'est pas enterré, et le gouvernement compte bien relancer les négociations au cours de la présidence irlandaise, qui s'étend du 1^{er} juillet au 31 décembre 1996. Par ailleurs, le Comité est d'avis que l'interruption des négociations illustre bien les problèmes que le Canada rencontrera dans ses pourparlers avec l'Union européenne. Il y a deux points soulevés plus tôt au sujet de l'élargissement de l'UE qui méritent d'être repris ici.

D'abord, les relations du Canada avec l'UE peuvent faire l'objet de chantage pour un seul différend concernant surtout les intérêts d'un État membre. En pareil cas, un problème avec un membre signifie automatiquement un problème avec l'ensemble de l'Union. Avec l'élargissement, l'UE sera obligée de défendre les intérêts nationaux particuliers d'un nombre croissant de pays. Cela augmente d'autant les chances de conflit entre les intérêts du Canada et ceux de l'UE.

Ensuite, un pays de taille moyenne comme le Canada est nettement désavantagé devant un large bloc de pays, comme l'UE. En outre, le poids économique et politique de l'UE ne fera que croître par rapport à celui du Canada une fois que l'UE aura admis 13 nouveaux pays. Ce déséquilibre placera le Canada dans une position de négociation de plus en plus désavantageuse.

Le Comité en conclut que les négociations avec l'UE peuvent être difficiles et qu'elles le deviendront vraisemblablement de plus en plus avec l'arrivée de nouveaux membres. En raison de sa taille, le Canada constatera qu'il est souvent difficile de poursuivre des négociations avec l'UE sur une base multilatérale. Par exemple, si les négociations sur le Plan d'action s'étaient poursuivies sur une base trilatérale (les États-Unis compris) comme le Canada l'aurait souhaité, il semble peu probable que l'UE aurait fait obstacle à une entente dans le but d'attirer l'attention du Canada sur la nature extraterritoriale du projet de loi C-29.

L'achoppement sur une seule question des négociations sur le Plan d'action indique l'avantage qu'il y aurait à s'assurer l'appui d'autres pays lors de futures négociations de manière à contrebalancer la puissance de l'UE et les intérêts des divers États membres. Mener des négociations au sein de tribunes multilatérales comme l'Organisation de coopération et de développement économiques (OCDE) et l'OMC serait une façon de contrebalancer la puissance de l'UE. Les négociations sur le Plan d'action sont toutefois une tentative de réaliser un accord bilatéral en vue de combler les lacunes dans le cadre multilatéral. Le Comité recommande que lors des futures négociations entre le Canada et l'UE, le gouvernement canadien tente d'y associer les États-Unis. Comme le Canada, les États-Unis ont tout intérêt à ce que s'ouvre le marché de l'UE. En outre, les États-Unis sont le seul pays dont le poids économiques et politique pourrait contrebalancer celui de l'Union européenne.

Le Comité continue d'appuyer l'initiative du gouvernement de négocier un Plan d'action Canada-UE destiné à élargir et renforcer les relations transatlantiques.

Nous recommandons que le gouvernement canadien poursuive les négociations sur le Plan d'action au cours de la présidence irlandaise. Mais il est clair que le succès des négociations dépend de la capacité du Canada et de l'UE de régler le différend bilatéral sur les pêches, et notamment de trouver un mécanisme approprié pour protéger les stocks de poissons au-delà de la zone de 200 milles.

Le Comité estime que l'objectif ultime des négociations transatlantiques doit être la disparition des barrières qui entravent la libre circulation des biens, des services et des investissements de part et d'autre de l'Atlantique. Si le Canada et les États-Unis peuvent envisager la négociation d'accords de libre-échange avec l'Amérique latine et avec l'Asie-Pacifique, l'idée d'un libre-échange transatlantique mérite qu'on s'y arrête. Il est cependant manifeste que cet objectif ne sera pas facilement atteint. Comme on l'a déjà dit, plusieurs pays, notamment la France et les États-Unis, hésitent à entamer des discussions en ce sens. En fait, on ne parle même plus de «libre-échange» dans le contexte du dialogue transatlantique. L'Union européenne et les États-Unis sont plutôt convenus d'effectuer conjointement une étude sur la création d'un «nouveau marché transatlantique».

Le Comité recommande que le gouvernement du Canada continue d'exercer des pressions pour que l'étude des barrières au commerce transatlantique devienne trilatérale. Rien ne garantit que cette étude aboutira à un projet de libéralisation des échanges bilatéraux, mais nous estimons que le Canada doit y participer dès le départ. Autrement, la réalisation de deux études bilatérales distinctes (Canada-UE et États-Unis-UE) risque d'aboutir à la conclusion de deux ententes commerciales bilatérales, avec les conséquences que l'on peut imaginer, car les États-Unis, un poids lourd par rapport au Canada sur les plans économique et politique, pourraient obtenir de meilleures conditions d'accès au marché européen que le Canada ou présenter plus d'intérêt pour les investisseurs. Mais un accord commercial trilatéral assurerait au Canada le même accès au marché de l'UE que les États-Unis.

Il n'est fait aucune mention ni dans le plan d'action du Canada ni dans le document de la Commission, d'un engagement à effectuer de nouvelles réductions des droits de douane dans le contexte de l'OMC. Par contre, le plan d'action États-Unis-UE contient un engagement de la part des parties à explorer la possibilité de négocier des réductions des tarifs douaniers sur les produits industriels et à envisager l'accélération des réductions déjà convenues dans le cadre de l'Uruguay Round. Le Plan d'action États-Unis-UE précise aussi l'intention des parties de conclure un accord sur les techniques d'information (ATI) qui pourrait aboutir à la disparition des droits de douane sur des produits comme le matériel de télécommunications, les ordinateurs et les pièces d'ordinateur, les semi-conducteurs, et ainsi

de suite. La proposition du gouvernement du Canada ne renferme aucun engagement précis à conclure les négociations sur l'ATI.

Il est facile de sous-estimer les effets des droits de douane sur les échanges entre le Canada et l'Union européenne. M. Juneau a dit au Comité que, étant donné qu'une bonne partie de nos principales exportations entrent déjà sur le marché de l'UE en franchise de droits, les gains économiques directs résultant de la conclusion d'un accord de libre-échange seraient peu importants. Cela est tout à fait vrai d'un point de vue macro-économique. Cependant, M. Juneau croit comme nous que de nouvelles réductions des droits de douane permettraient de réaliser des gains substantiels à l'échelon micro-économique.

Le Comité est d'avis que le gouvernement doit examiner le niveau des tarifs douaniers de l'UE. S'il est vrai que les tarifs *moyens* de l'UE semblent assez faibles (3,6 p. 100 lorsque pondérés par les échanges depuis l'Uruguay Round), cela masque le fait qu'ils sont suffisamment élevés dans certains secteurs pour limiter les exportations canadiennes¹³². Des représentants d'Alcan ont appris au Comité, par exemple, que même si l'UE est l'un des marchés les plus prometteurs du monde pour l'aluminium, le tarif de 6 p. 100 que l'UE impose sur les lingots d'aluminium demeure une entrave réelle aux exportations canadiennes. D'autre part, un représentant de Newbridge Networks a informé le Comité que le tarif de l'UE sur ses exportations d'équipement de télécommunications a récemment été *révisé à la hausse* et porté de 4,5 p. 100 à 7,5 p. 100. Ce ne sont là que deux exemples, mais ils illustrent bien la nécessité de nouvelles réductions tarifaires. Dans le cas de l'aluminium, cela devrait se faire dans le contexte de nouvelles négociations multilatérales sur les tarifs.

132 Comme il a été noté, le Comité s'est fait dire par le ministre du Commerce international, M. Art Eggleton, que même après la réduction des tarifs issue de l'Uruguay Round, l'UE continuera d'imposer des tarifs non négligeables sur des produits comme l'aluminium, le cuivre et les métaux non ferreux, les produits chimiques, l'équipement de télécommunications, le poisson et les produits du poisson emballés, les produits agricoles et les produits du bois. Les droits de douane sur ces produits varient de 3 à 20 p. 100, mais grimpent à 25 p. 100 sur certains produits du poisson. D'après le ministre, le Canada serait plus concurrentiel sur le marché européen si, par rapport aux pays qui jouissent déjà de tarifs préférentiels, les règles du jeu étaient les mêmes.

Le Comité recommande que le Canada soit à l'avant-garde des pays qui réclament de nouvelles négociations sur les réductions tarifaires multilatérales. Aussi, le Plan d'action Canada-UE devrait renfermer un engagement à amorcer des négociations sur un nouvel ensemble de réductions tarifaires multilatérales.

À l'égard des tarifs sur l'équipement de télécommunications, des propositions ont déjà été faites dans le contexte de la Quadrilatérale des propositions en vue de la conclusion d'un accord sur les techniques d'information qui supprimerait les droits sur ces produits.

Le Comité recommande que le Plan d'action Canada-UE affirme l'intention du Canada de faire aboutir les négociations relatives à l'accord sur les techniques d'information. (ATI)

Les barrières non tarifaires au commerce, comme les normes de produits et les procédures d'essai et d'agrément, peuvent aussi nuire aux exportateurs canadiens. Le Comité a appris, par exemple, que l'agrément et les essais de l'équipement de télécommunications effectués en Amérique du Nord ne sont pas acceptés en Europe de telle sorte que pour vendre ce matériel en Europe, il faut reprendre les essais et l'agrément du matériel fabriqué au Canada au coût d'environ 40 000 \$ par produit. Comme il a été dit, la firme Newbridge Networks estime que l'agrément de tous ses produits à cette fin lui coûterait 30 millions de dollars.

Le Comité note que le Plan d'action proposé par le Canada affirme l'intention du gouvernement de réduire et d'éliminer les barrières non tarifaires par l'harmonisation et la mise au point des normes de produits et par la reconnaissance mutuelle des méthodes d'agrément et d'essai. La proposition de la Commission européenne souligne l'importance de la coopération en matière réglementaire et de la conclusion rapide de négociations sur des accords de reconnaissance réciproque.

Le Comité est heureux de constater que la proposition du Canada contient une série de questions relevant du *troisième pilier* sur lesquelles le Canada et l'UE peuvent collaborer, notamment les questions d'environnement transnationales et le développement durable de l'Arctique. Une question en particulier inquiète le Comité, à savoir l'élimination

des armes nucléaires dans l'Arctique. Le problème est particulièrement aigu dans la péninsule de Kola en Russie où des sous-marins soviétiques attendent d'être désarmés et où toutes sortes de déchets nucléaires d'autres origines s'infiltrant dans le sol et dans les cours d'eau et les baies. En outre, des déchets toxiques provenant du Sud se retrouvent dans l'Arctique par la voie des cours d'eau qui y aboutissent.

Le Comité recommande qu'en sa qualité de membre du Conseil de l'Arctique, le Canada devrait collaborer pleinement et activement avec les pays de l'UE qui bordent l'Arctique, soit la Finlande , le Danemark (Groenland) et la Suède, dans le contexte du Plan d'action en vue de résoudre les problèmes causés par la contamination de l'Arctique. À cette fin, le gouvernement devrait aussi travailler de concert avec les autres pays de l'Arctique qui ne font pas partie de l'UE, comme la Norvège, les États-Unis et la Russie.

XI. CONCLUSION

Tout au long de ce siècle, les Canadiens ont manifesté un intérêt marqué pour les libertés en Europe. Cela n'a rien d'étonnant car beaucoup de Canadiens conservent des liens étroits et vivants avec cette partie du globe. Nombre d'entre eux ont leurs origines en Grande-Bretagne, en France, en Allemagne, en Irlande, en Italie, en Ukraine, au Portugal, en Pologne, en Grèce, et aux Pays-Bas, pour ne nommer que quelques pays d'Europe. Nos traditions européennes se manifestent dans nos institutions parlementaires, notre système judiciaire, notre foi en la démocratie et la valeur des droits personnels, et notre conviction que l'efficacité des marchés assure le bon déroulement de l'activité économique.

Les Canadiens ont démontré l'importance qu'ils attachent à la préservation d'une Europe libre et pacifique. Plus de 100 000 Canadiens ont donné leur vie lors des deux guerres mondiales (en Europe pour la plupart) et des troupes canadiennes ont été stationnées en Europe pendant toute la durée de la guerre froide. Nous avons participé, plus récemment, aux efforts de maintien de la paix dans l'ex-Yougoslavie, d'abord au sein de la force des Nations Unies, et maintenant de l'IFOR. Le Comité croit que l'OTAN demeurera l'assise de la sécurité européenne et que le Canada doit continuer d'appuyer l'Alliance avec vigueur.

L'engagement continu du Canada envers la sécurité de l'Europe mérite d'être souligné parce qu'il influe sur notre attitude face à l'intégration européenne. Le souci d'assurer sa sécurité est à l'origine des efforts d'intégration de l'Europe. La Communauté européenne du charbon et de l'acier et la Communauté économique européenne sont nées, en partie, du désir d'empêcher de nouvelles conflagrations en Europe par le tissage de liens économiques internationaux. Dans l'esprit des architectes de l'intégration européenne - Jean Monnet et Robert Schuman - l'intégration économique devrait être le fondement de l'union politique.

Dans quelle mesure ont-ils réussi à créer une zone de coexistence pacifique? Pour la première fois depuis des siècles, les principales causes des conflits en Europe ont été supprimées. Par conséquent, dans l'optique de la concrétisation de la paix et de la sécurité en Europe, les Canadiens devraient continuer d'appuyer les efforts d'intégration européenne.

La fin de la guerre froide a amené à la fois le Canada et les États-Unis à réévaluer leurs intérêts en Europe. Pour le Canada, l'édification d'un partenariat économique solide avec l'UE pour promouvoir le commerce, la croissance économique et la prospérité est maintenant prioritaire. Les propositions de libre-échange entre l'ALENA et l'UE formulées par l'ancien ministre du Commerce international, Roy MacLaren, et le premier ministre Jean Chrétien ont contribué à amorcer un nouveau dialogue transatlantique. En décembre 1995, cela a donné lieu à un Plan d'action É.-U.-UE et à une proposition de Plan d'action parallèle Canada-UE, qu'on prévoyait conclure d'ici la fin de juin 1996.

L'interruption des négociations sur le Plan d'action illustre la difficulté de négocier avec l'UE lorsqu'un seul différend concernant surtout les intérêts d'un État membre – l'Espagne, en l'occurrence – a le pouvoir de perturber les relations du Canada avec l'ensemble de l'UE. En outre, avec le passage du nombre de membres de 15 à 28 éventuellement, l'UE sera obligée de défendre des intérêts nationaux de plus en plus divers. Cela augmente d'autant les risques pour le Canada qu'une de ses politiques déplaît à un État membre, lui créant ainsi des ennuis avec l'ensemble de l'Union. Enfin, le poids économique et politique de l'UE par rapport aux non-membres augmentera avec l'arrivée de nouveaux membres, de sorte que le Canada sera dans une position de négociation de plus en plus désavantageuse.

Il est opportun, dans le contexte des initiatives d'intégration européenne, de réaffirmer et de renforcer les liens de longue date entre le Canada et l'Europe. Le but de la politique étrangère et de sécurité commune (PESC) établie par le traité de Maastricht était de permettre aux pays membres de l'UE de parler et d'agir de façon concertée sur la scène mondiale. Le Comité constate que la PESC ne s'est pas traduite jusqu'ici, de la part de l'UE, par une énergique politique étrangère commune. La conférence intergouvernementale en cours en Europe devrait cependant proposer des changements qui pourraient en améliorer les résultats.

Le traité de Maastricht prévoit aussi, pour mieux coordonner la lutte contre le terrorisme, le crime organisé, le trafic des stupéfiants et l'immigration illégale, la coopération des pays membres dans les domaines de la justice et des affaires intérieures. Ici encore, la CIG discutera de propositions visant à résoudre les problèmes qu'éprouve le nouveau mécanisme.

Le projet d'union économique et monétaire de l'UE est peut-être ce qui importe le plus cependant. La décision d'adopter une devise européenne unique et une politique monétaire commune représente peut-être, pour les États membres, l'abandon le plus conséquent de souveraineté nationale depuis la signature du Traité de Rome en 1957. Les membres de l'UME ne pourront plus utiliser la politique monétaire nationale comme mécanisme de stabilisation, et les gouvernements des États membres seront frappés de restrictions en ce qui a trait au financement déficitaire. Pour les pays de l'extérieur, comme le Canada, l'UME pourra se répercuter sur les taux de change, la configuration des échanges commerciaux et des investissements, et la coordination internationale des politiques économiques.

L'engagement de l'UE à accepter d'autres membres crée de nouveaux défis pour les pays de l'extérieur. L'élargissement de l'UE s'est traduit, dans le passé, par l'érection de barrières commerciales contre certains des grands produits d'exportation du Canada, notamment dans le secteur agricole. D'ici cinq à dix ans, jusqu'à 13 nouveaux pays pourraient entrer dans l'Union, ce qui pourrait entraîner de nouvelles perturbations des courants commerciaux. Si l'UE accepte de négocier de nouvelles réductions sensibles des tarifs, il y aura moins de risque que les nouveaux États membres soient forcés de hausser leurs droits d'importation afin de les harmoniser avec le tarif douanier commun de l'UE. C'est une des raisons pour lesquelles le Comité juge urgent que le gouvernement du Canada réclame de nouvelles réductions multilatérales des tarifs.

Il y a d'autres raisons pour lesquelles le gouvernement du Canada devrait tenter d'obtenir une plus grande libéralisation du commerce. On nous rappelle sans cesse que l'Union européenne forme le plus grand marché du monde. Les données commerciales indiquent toutefois que la part de cet important marché détenue par le Canada diminue depuis

quelques années. Faute d'études détaillées, toutes les raisons de cette baisse ne sont pas évidentes. Mais ce qui est évident c'est que les barrières commerciales de l'UE (tarifaires et autres) entravent l'exportation de plusieurs produits canadiens importants, dont l'aluminium, le cuivre et les métaux non ferreux, les produits chimiques, l'équipement de télécommunication, le poisson et les produits du poisson, les produits agricoles et les produits du bois.

Si certains États membres de l'UE appuient l'idée canadienne d'une zone de libre-échange transatlantique, d'autres la rejettent. Le Comité est d'avis qu'il ne faudrait pas oublier cet objectif même si les moyens d'y parvenir ont changé. Bien que le Plan d'action Canada-UE proposé comporte plusieurs objectifs valables dans les domaines des relations étrangères, de la sécurité et de la justice, le Comité doit insister sur l'urgence de réaliser des progrès concrets sur les questions commerciales et économiques du Plan d'action.

Le Canada et l'UE sont tous les deux pris par leurs propres priorités en ce moment. L'attention de l'UE est captée par la conférence intergouvernementale en cours sur les enjeux du renforcement et de l'élargissement de l'Union. De son côté, le Canada négocie de nouvelles ententes commerciales avec le Chili, l'Amérique latine, les Antilles et la région de l'Asie-Pacifique. Malgré nos liens culturels et linguistiques, et d'autres engagements réciproques, il faudra resserrer fortement les liens commerciaux transatlantiques si nous voulons préserver et consolider les relations entre le Canada et l'Europe.

Les Canadiens ne peuvent pas être indifférents, car l'Europe représente beaucoup trop pour eux; que l'on pense à l'origine et à la culture de beaucoup d'entre eux, au commerce et aux investissements ou aux questions de sécurité militaire. Il est dans notre plus grand intérêt, dans tous les sens du terme, que l'Europe demeure prospère et vive en paix.

LONDRES - 17 au 29 mars

Du Haut-Commissariat du Canada :

Royce Frith, Haut Commissaire du Canada au Royaume-Uni

James Wright, conseiller (questions politiques et sociales)

John Sloan, conseiller (questions économiques et financières)

Du gouvernement britannique :

Stephen Wright, sous-secrétaire d'État adjoint (UE)

Mark Pellew, Chef, Département de l'Amérique du Nord et du Commonwealth

Table ronde sur les relations Canada-Europe :

Peter Lyon, secrétaire académique, «Institute of Commonwealth Studies» et président du Colloque Canada-RU

Robert Boyce, Département d'histoire internationale, «London School of Economics» et membre du «Colloquia Council of Management»

Mads Andenus, professeur, «Centre for European Law», King's College

Lord Clinton-Davis, président, comité des transports, Chambre des Lords

Du Comité des Affaires étrangères de la Chambre des communes :

David Howell, président

Dennis Andrew Canavan, membre

Michael John Gapes, membre

David Harris, membre

Michael Jopling, membre

Jim Lester, membre

Edwards Rowlands, membre

Peter David Shore, membre

John P. Stanley, membre

David Anthony Gerald Sumberg, membre

Robert Nelson Wareing, membre

Conférence sur le futur de l'Europe :

Les sénateurs ont participé à une session de la Conférence sur le futur de l'Europe tenue à Lancaster House, avec des parlementaires de tout le continent.

DUBLIN - 20 mars

De l'Ambassade du Canada :

Barry Mawhinney, ambassadeur en Irlande

Du Comité mixte Oireachtas sur les affaires européennes :

Alan Dukes, président

et autres membres

Du gouvernement irlandais :

Gay Mitchell, ministre d'État pour les Affaires européennes

Représentants de compagnies canadiennes établies en Irlande :

Fergus O'Rafferty, président, Association des gens d'affaires Irlande-Canada

W. L. Acton, directeur exécutif, Canada-Life

Peter Kluge, directeur général, la Banque Scotia, Irlande

Alan Sommerville, vice-président exécutif, Saturn Fulfilment Service Ltd.

Derek Smith, vice-président aux investissements, IG International Management Ltd.

BONN - 21 mars

De l'Ambassade du Canada :

Paul Heinbecker, ambassadeur en Allemagne

Lorenz I. Friedlaender, ministre

Edwin Mallory, ministre conseiller (commerce)

Michael Brock, conseiller (affaires politiques)

Micheline Aucoin, conseillère (questions financières)

Ross Miller, conseiller (questions économiques)

Marcus Pistor, adjoint, Relations parlementaires

De l'Assemblée de l'Atlantique Nord :

Karsten D. Voigt, député, président de l'Assemblée de l'Atlantique Nord, porte-parole du SPD en matière de politique étrangère

Du Foreign Office :

Dr von Ploetz, secrétaire d'État (Divisions de l'Europe et des Affaires économiques, juridiques et culturelles)

De l'Université de Bonn :

Detlev Karsten, professeur

Du ministère de l'Économie :

Lorenz Schomerus, secrétaire d'État, sous-ministre responsable des politiques économiques et de développement des affaires étrangères

Du Comité des affaires étrangères du Bundesrat :

Kurt Biedenkopf, ministre président, Premier ministre de l'État libre de Sachsen (Saxony), président du Comité des affaires étrangères

Burkhard Dreher, ministre de l'Économie, des Petites entreprises et de la Technologie, Brandebourg

Christine Lieberknecht, ministre des Affaires fédérales à la Chancellerie d'État et représentante à la Fédération pour l'État libre de Thüringen

Karin Schubert, ministre de la Justice, Sachsen-Anhalt

Gerd Walter, ministre pour l'État et les Affaires européennes, Schleswig-Holstein

Heide Dörrhöfer-Tucholski, secrétaire d'État, représentant à la Fédération pour Nordrhein-Westfalen

Günter Ermisch, secrétaire d'État, représentant aux Affaires fédérales et européennes pour l'État libre du Sachsen

Helmut Holl, secrétaire d'État, représentant à la Fédération pour Niedersachsen

Alfred Sauter, secrétaire d'État au ministère de l'Intérieur de l'État libre de Bavière

Günter Jaspert, directeur (greffier), Secrétariat aux comités des Affaires étrangères, de l'Union européenne et de la Défense du Bundesrat

Ute Müller, secrétaire adjoint des Comités des Affaires étrangères, de l'Union européenne et de la Défense du Bundesrat

FRANCFORT - 22 mars

De la Bundesbank:

Johann Wilhelm Gaddum, vice-président

Helmut Schieber, membre du Conseil d'administration, responsable des relations internationales

Table ronde avec des représentants de sociétés canadiennes :

Bahman Anzalichi, directeur général, Pit-Stop Autoservice

René Bertschi, Husky Spritzgiess System

Cecil Morkel, Banque Royale du Canada

Gerhard Pfeiffer, Geschäftsführer de Richardson Securities du Canada

Rainer Pütz, directeur général, Manulife Reinsurance Europe

Eva E. Renken, représentante pour l'Allemagne, Banque de Montréal

Wolfgang Schuck, directeur général, First Marathon Bank

Michael Siebold, président du Club de gens d'affaires germano-canadiens

À titre individuel :

Karl-Otto Pöhl, ancien président de la Bundesbank

PARIS - 23 au 26 mars

De l'Ambassade du Canada :

Benoît Bouchard, ambassadeur en France

John Noble, ministre plénipotentiaire

Serge Dupont, conseiller

Sheila Coutts, premier secrétaire

Jean Bourassa, premier secrétaire

Table ronde avec des représentants de sociétés canadiennes :

Mathieu Debost, Bunting-Warburg

Jean-Guy Pepin, vice-président, Produits forestiers cascades

Klaus Berg, directeur général, Air Canada

Hugues De Guitaut, directeur général, Banque Royale

De la mission du Canada auprès de l'OCDE :

Kimon Valaskakis, ambassadeur à l'OCDE

Christopher Thomson, représentant permanent adjoint

Peter McGovern, conseiller

François Weldon, premier secrétaire

Du ministère français des Affaires étrangères :

M. De Zorzi, directeur adjoint de la Coopération européenne

De la Commission des Affaires étrangères de l'Assemblée Nationale :

François Guillaume, vice-président

De la Commission des Affaires étrangères du Sénat :

Xavier de Villepin, président

De la Banque de France :

Michel Albert, membre du Conseil de la politique monétaire

À titre individuel :

Jacques Delors, ex-président de la Commission européenne

BRUXELLES - * 27 au 28 mars

De la mission du Canada auprès de l'Union européenne :

Jacques Roy, chef de mission, ambassadeur

De l'Ambassade du Canada :

Jean-Paul Hubert, ambassadeur en Belgique

De la délégation mixte du Canada auprès de l'OTAN :

John Anderson, ambassadeur et représentant permanent

Lieut.-général Paul Addy, représentant militaire du Canada auprès

Daniel Dhavernas, ministre-conseiller et représentant permanent adjoint

Karen McDonald, conseiller politique adjoint

Elizabeth Baldwin-Jones, deuxième secrétaire

Lieut.-colonel Pierre Labelle, officier supérieur, Armée

Commandant George Godwin, officier supérieur, Marine

Lieut.-colonel Pat Dennis, officier supérieur, groupe de la transition

Naida Nelson, première secrétaire, Finances

George Betts, conseiller, questions nucléaires

Du personnel international de l'OTAN :

Dr. John Barrett, chef de la section de planification des politiques et de la rédaction des discours, Division des affaires politiques

Du Comité parlementaire européen sur les relations économiques extérieures :

Willy de Clercq, président

Boudewijn van der Gaag, chef de division

Du Parlement européen :

Ken Collins, président, Comité de l'environnement

Raymonde Dury (Be-PSE), Comité des affaires institutionnelles

Joe Wilson, membre de la délégation du Parlement européen chargé des relations avec le Canada

Autres membres du Parlement européen

Du Conseil de l'Union européenne :

Jürgen Trumpf, secrétaire général du Conseil de l'UE

Du groupe parlementaire Belgique-Canada :

Léo Delcroix, sénateur, président

Du Comité des relations étrangères du Sénat belge :

Valere Vautmans, président

De la Commission européenne :

Leon Brittan, commissaire européen au Commerce multilatéral, Relations avec les Pays Avancés

VARSOVIE - * 27 au 28 mars

De l'Ambassade du Canada :

Anne Leahy, ambassadeur en Pologne

Alexander Lukie, chef, Section des affaires sociales (immigration)

Otch von Finckenstein, chef, Section de l'assistance technique

Linda McDonald, chef, Section commerciale

Angela Bogdan, chef, Section des affaires politiques et sociales (culture)

Col. Hubert Leduc, attaché des forces armées canadiennes

James Visutskie, chef, Section de l'administration

Du Sénat polonais :

Adam Struzik, "Marshall" (président) du Sénat

Wojciech Sawicki, chef de la Chancellerie du Sénat

Du Comité des relations étrangères du Sénat :

Stanislaw Kucharski, sénateur, vice-président

Longin Pastusiak, vice-président du Comité des relations étrangères du Sejm

August Chelkowski, sénateur (ancien président du Sénat)

Ryszard Czarny, sénateur

Eugeniusz Patyk, sénateur

Zofia Kuratowska, sénateur

Ryszard Ochwat, sénateur

Piotr Marciniak, député

Zygmunt Cybulski, député, vice-président du Comité parlementaire sur l'entente européenne

Bronislaw Geremek, président du Comité des affaires étrangères du Sejm

Du ministère polonais des Affaires étrangères :

Andrzej Towpik, sous-ministre

M. Kowzowski, directeur, Département des Amériques

M. Bahr, directeur, Europe I

M. Ogrodziński, directeur, Département de la planification et chef de l'Institut polonais des affaires internationales

M. Ludwiczak, directeur adjoint, Département des Amériques

M. Opalski, directeur adjoint, Institutions européennes

M. Waszckowski, chef, Section de l'OTAN

Mme Kisielewska, chef, UE/Conseil de l'Europe

Du Gouvernement polonais :

Andrzej Wiczorkiewicz, ministre, sous-secrétaire d'État et gouvernement pour l'investissement étranger

Wojciech Lamentowicz, conseiller en politiques étrangères auprès du Président de la République de Pologne

Dariusz Rosati, ministre des Affaires étrangères

Jacek Saryusz-Wolski, ministre plénipotentiaire pour l'intégration européenne

From Polish and Canadian Business:

Jacek Buchacz, ministre des Relations économiques

Jacek Gadowski, président, TPSA, Telecommunications Poland S.A.

Jan Litwinski, président, Polskie Linie Lotnicze LOT

Marek Rusin, Sous-secrétaire d'État, ministre des Télécommunications

Andrzej Urban, Sous-secrétaire d'État, ministre de la Planification matérielle et de la Construction

Aleksander Janiszewski, vice-président du conseil d'administration des chemins de fer polonais (PKP)

Zygmunt Stepinski, rédacteur en chef et directeur général, «Murator Edition»

Victor Boraks, directeur, Bridgings Polska (Varsovie)

Zygmunt S. Lask, directeur, NORTEL (Varsovie)

Louise Campbell, directrice, Banque de développement polonaise

- * Pour les réunions à Bruxelles et à Varsovie, la délégation de huit membres s'est scindée en deux groupes.

ANNEXE B

Liste des témoins

ORGANISATION ET/OU NOM DU TÉMOIN	N° DU FASCICULE	DATE DE COMPARUTION
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PREMIÈRE SESSION DE LA TRENTE-CINQUIÈME LÉGISLATURE

ALCAN ALUMINIUM LIMITÉE

Andrew de Schulthess, directeur, relations gouvernementales	30	1995/11/29
Roger Scott-Taggart, directeur, analyse des affaires	30	1995/11/29

BANQUE DU CANADA

John Murray, chef, département des relations internationales	31	1995/12/06
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BANQUE ROYALE DU CANADA

John McCallum, vice-président et économiste en chef	30	1995/11/29
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MINISTÈRE DES AFFAIRES ÉTRANGÈRES ET DU COMMERCE INTERNATIONAL

Paul Dubois, directeur général, Direction générale de l'Europe de l'Ouest	27	1995/11/01
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NEWBRIDGE NETWORKS CORPORATION

Chris Albinson, directeur, relations gouvernementales	30	1995/11/29
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À TITRE INDIVIDUEL

Peter Leslie, professeur, Études politiques, Université Queen's	31	1995/12/06
David Long, professeur, Sciences politiques, Université Carleton	32	1995/12/13
Gretchen MacMillan, professeur associé de sciences politiques, Université de Calgary	31	1995/12/06
Charles Pentland, Université Queen's	28	1995/11/08
Steven Wolinetz, professeur, Sciences politiques, Université Memorial	21	1995/12/13

DEUXIÈME SESSION DE LA TRENTE-CINQUIÈME LÉGISLATURE

MINISTÈRE DES AFFAIRES ÉTRANGÈRES ET DU COMMERCE INTERNATIONAL

L'honorable Lloyd Axworthy, ministre des Affaires étrangères	à huis clos	1996/05/15
L'honorable Art Eggleton, ministre du Commerce international	3	1996/06/04
Jean-Pierre Juneau, sous-ministre adjoint, Secteur de l'Europe	1 3	1996/03/06 1996/06/04
Gaétan Lavertu, sous-ministre adjoint des Affaires étrangères	à huis clos	1996/05/15
Roxanne Dubé, adjointe législative, Bureau du ministre des Affaires étrangères	à huis clos	1996/05/15
Albert-Jan Galpin, conseiller, Direction de l'Union européenne	à huis clos	1996/05/15
Paul Haddow, directeur, Direction des droits de douanes et de l'accès aux marchés	3	1996/06/04
Michael T. Mace, directeur général, Direction de l'Europe Centrale et de l'Est	à huis clos	1996/05/15
Denis Stevens, conseiller, Bureau du ministre des Affaires étrangères	à huis clos	1996/05/15
Gordon Venner, directeur adjoint, Direction de	1	1996/03/06

l'Union européenne

3

1996/06/04

À TITRE INDIVIDUEL

Panayotis Soldatos, professeur, titulaire de la
Chaire Jean Monnet - études européennes,
Université de Montréal

4

1996/06/05



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